Austria Sch22	Indonesia Rp3100	Portugal Esc120
Bahrain Din0.650	Israel IS3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1700	Singapore ..... S$4.10
Canada ..... C$1.00	Japan Y400	Spain Pta145
Cyprus ..... C£0.90	Jordan Fils500	Sri Lanka Rup30
Denmark . DKr10.00	Kuwait Fils.500	Sweden SKr9.00
Egypt ..... E£2.25	Lebanon ... $L125.00	Switz SFr2.30
Finland Fmk7.00	Lux LFr48	Taiwan ..... NT$85
France FFr6.50	Malaysia ... Rin4.25	Thailand Bht50
Germany DM2.30	Mexico Pes300	Tunisia Din0.800
Greece Dr120	Morocco Dh6.00	Turkey L600
Hong Kong ... HK$12	Neth Fl3.00	UAE Dh6.50
Iceland Ikr125	Norway Nkr10.00	USA $1.00
India Rup15	Philippines ... Pesos40	

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,655 Friday September 30 1988 D 8523 A

LAW AND ORDER
Tory tactics for tackling UK crime
Page 19

World News

UN forces win Nobel Peace Prize

The 1988 Nobel Peace Prize was awarded to the UN Peace-Keeping Forces, 40 years after the first UN contingent was sent to the Middle East. Secretary-General Javier Perez de Cuellar will receive the prize. Page 2

EC-Cuban relations

The European Community and Cuba agreed to establish diplomatic relations, marking a continued improvement in relations between the EC and Comecon, the Eastern trading bloc. Page 2

Angola talks end

Talks aimed at a regional settlement in south-western Africa ended without agreement on a timetable for Namibian independence and withdrawal of Cuban troops from Angola. Page 6

Seoul student strife

South Korean students demonstrating in Seoul threw petrol bombs, chanted "Yankee Go Home" and accused President Roh Tae-woo's Government of using the Olympic Games to perpetuate division of the Korean peninsula.

SA police leave ban

All police leave was cancelled in South Africa in the run-up to municipal elections on October 26, following 27 urban bomb blasts this month. The ANC appealed to European parliament to condemn the elections, saying they were likely to provoke violence.

Beirut split deepens

Fears of Lebanese partition grew as most Christian MPs failed to join Syrian-backed Lebanese leaders at an "emergency national conference" to try and reconcile the two governments. Background, Page 6

Gaza funeral

At least two Palestinians were injured when Israeli forces opened fire on a demonstration accompanying the funeral of a prominent former mayor in the occupied Gaza Strip

Flood control talks

Indian Prime Minister Rajiv Gandhi and President Hossein Mohammed Ershad of Bangladesh agreed to set up a joint flood control programme for their common rivers. Page 6

Brazil hijack

A lone hijacker shot dead the co-pilot and injured two crew-members during a Brazilian domestic flight. The airliner was carrying 90 passengers.

Polish trip off

Poland asked British Prime Minister Margaret Thatcher to postpone a scheduled visit to Warsaw amid official unease about her plans to meet Lech Walesa, leader of the Solidarity trade union. Page 2

Grain pact lapsed

For the first time since Washington and Moscow signed a grain trade agreement 12 years ago, the five-year US-Soviet grain pact is about to lapse on September 30 without a new accord signed.

Tory rebels

Members of Mrs Thatcher's Conservative Party joined the attack on her opposition to a so-called United States of Europe when Tory Euro MP Derek Prag told a European parliament committee that the speech included "massive contradictions."

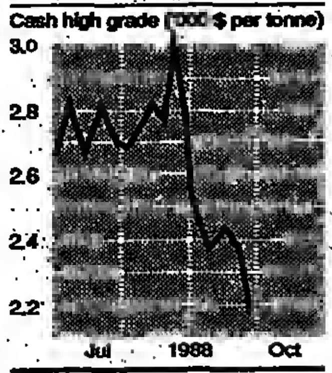
Business Summary

IMF director gives upbeat view of world economy

INTERNATIONAL Monetary Fund managing director Michel Camdessus closed the organisation's annual meeting in West Berlin with an upbeat assessment of prospects for improvements to the international monetary system. The last day of the joint IMF/World Bank gathering saw renewed demonstrations in the city centre, with some streets blocked by blazing cars. Page 20

ALUMINIUM: Christopher Green, London Metal Exchange chairman, said the first LME aluminium warehouses in Japan would be set up next year and that an LME authorised warehouse might be set up in the US before mid-year.

Aluminium



High grade aluminium for delivery in three months fell to $2,080 a tonne at one stage, the lowest level for five and a half months, but recovered to end at $2,107, down $30.50 on the day. Cash high grade fell by $35 to $2,135 a tonne. Page 44

GRAND Metropolitan, UK food, drinks and leisure group, is negotiating to sell its Inter-Continental hotel chain to Seibu Saison, Japanese conglomerate, for about £1.35bn ($2.28bn) gross (£1.2bn after tax.) Page 21

ROBERT Maxwell, British publisher, raised the stakes in the battle for Macmillan, US publishing house, by making an increased cash offer of $90 a share and concurrently pursuing legal action against its management. Page 21

BOUYGUES, French construction and communications group, was subject of intense speculation as mystery buyers acquired substantial blocks of shares. Page 24

AEG, West German electrical and electronics group, reported group sales 10 per cent higher, at DM7.7bn ($4.1bn), in the first eight months of 1988. Twelve month sales are forecast at over DM13bn, compared with DM11.7bn in 1987. Page 24

AIR AFRIQUE, multinational carrier owned by 10 Francophone west and central African states, is being handed over to French management to solve acute financial difficulties. Page 23

WESTLAND, UK helicopter maker, is being urged to drop legal action against the Arab Organisation of Industrialisation in return for a $1bn joint venture in Egypt producing a sophisticated multi-purpose helicopter. Page 8

FRENCH Government set an annual economic growth rate target of at least 2¼ per cent for next four years. Page 2

BRAZILIAN business and labour leaders are negotiating a commitment to join forces against an inflation rate standing at 24 per cent a month and still rising. Page 4

JAPAN'S industrial output grew 2.2 per cent in August, reversing July's 0.9 per cent contraction. Page 6

Discovery thunders aloft into a new era

By Roderick Oram at Cape Canaveral, Florida

WITH whoops and yells from elated spectators matching the throaty roar of its engines, the space shuttle Discovery blasted off yesterday from Cape Canaveral, returning US astronauts to space 32 trying months after the Challenger tragedy.

The faultless lift-off of the shuttle, which is carrying a crew of five, was delayed for 90 minutes only by fickle winds and came as an enormous relief to space officials and the American public. Many still wrestle with the spectre of the fiery end to the previous shuttle launch that killed seven astronauts.

"This is the first flight into a new era," said Mr James Fletcher, head of National Aeronautics and Space Administration. He had led the agency and the shuttle through a complete overhaul of organisation and machinery to yesterday's resumption of US manned space flights.

"We're proud to be back," said Mr J.R. Thompson, director of Nasa's Marshall Space Centre responsible for propulsion systems including the solid fuel boosters which had destroyed the Challenger. "It was one of the smoothest ones I've ever been to," he added.

Discovery thundered aloft shortly after 11.30am Florida time, riding a pillar of orange flame and white smoke. As it disappeared briefly into a cloud shortly after take-off, a spectator anxiously yelled "Come out, come out" It did moments later as it roared into space.

Two minutes after lift-off, the orbiter separated from its solid fuel boosters, passing the critical phase that had doomed Challenger. Half an hour later, its main engines gave their final burn, kicking the space craft into orbit on the start of a four-day mission.

Although the day had dawned brilliantly with apparently perfect weather conditions, the launch was delayed by adverse conditions aloft. Gentle spring winds almost proved more than a match for the mighty engines of Discovery.

The shuttle's navigational computers, programmed for strong west-north-west winds that almost always sweep high over Florida's Atlantic coast during the autumn, could not cope with the light breezes. If Discovery had been launched, the computers would have over-compensated for the spring-like weather and steered the shuttle well off course.

Nature briefly undid what man had almost perfectly prepared. The shuttle had ticked like clockwork through the long countdown. The biggest hitch was a faulty fan in the bulky flight suit of Col Richard Covey, the shuttle's pilot. He sweated until the fuse was fixed.

Nasa officials expressed delight with the smooth operations, particularly as the launch was considered a test flight because of the hundreds of major changes to the shuttle in its $2.4bn redesign.

More than half a million people had poured into the Cape Canaveral area in recent days, eager to witness the revival of the US space programme.

Gorbachev emergency meeting likely to push through key reforms

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, appears set to make sweeping reforms in the next two days, after the surprise announcement of an emergency session of the country's Supreme Soviet, the national parliament, to follow today's urgent plenary meeting of the Communist Party central committee.

The combination of the two events, announced at short notice, suggests that far from facing a government crisis, the Soviet leader is about to push through some of the party and government reforms approved by last summer's extraordinary party conference.

The announcement of the Supreme Soviet session at two days notice caught Soviet and foreign observers by surprise. It was assumed that today's central committee meeting, called so suddenly that Mr Eduard Shevardnadze, the Soviet Foreign Minister, had to cut short his visit to the United Nations in New York, would simply be discussing the reform of the ruling party bureaucracy. It is that reform that could be proving highly contentious.

However, the Supreme Soviet would only be summoned to consider wider issues, including any overhaul of the Soviet Government, or to be presented with the detail of promised constitutional and legal reform.

It certainly looks as if the Soviet leader is deliberately forcing the pace of reform, and keeping any potential opponents off balance by giving them no time to organise resistance.

Moscow puts accent on Nato aircraft

Moscow is prepared to negotiate on its advantage in tanks and artillery but only in exchange for cuts in Nato's strike aircraft. Marshal Sergei Akhromeyev, Chief of the Soviet General Staff, said that talks on conventional arms in Europe would be meaningless unless they dealt with offensive aircraft. Page 20

Observers in Moscow have noted that Mr Yegor Ligachev, the number two in the party hierarchy, and a far more conservative figure, has been absent from the public eye for the past three weeks, presumably on holiday.

The fact that there is opposition to Mr Gorbachev's reforms, both political and economic, is no secret. Indeed the prospect of drastic cuts in the Communist Party bureaucracy, and the replacement of large numbers of lower-level party officials in current elections, seems certain to provoke a new backlash.

One possibility is that Mr Gorbachev will seek to attack the two levels of Soviet bureaucracy simultaneously. He plans to axe large parts of full-time Communist Party bureaucracy, particularly in the central committee's own apparatus, which acts as nothing less than a parallel executive to the Soviet ministries.

Soviet officials suggest that the present 29 or 20 separate departments in the central committee bureaucracy will be cut right back to nine or 10, with the casualties being those which shadow government ministries like agriculture, and light and heavy industry. A senior central committee official said yesterday that the party should not oversee day-to-day executive functions. "At present the party is supervising everything but is not responsible for anything," he said.

It would make the pill of reform easier for the party hierarchy to swallow if he were simultaneously to introduce further reforms in the government ministries – slimming down the huge number of separate departments, and the size of the Council of Ministers.

Another possibility is that the two meetings will see important changes in membership of the ruling Politburo, which has to be approved by the central committee plenum.

President Andrei Gromyko, aged 79, is one possible casualty, although he is still widely respected in the party in spite of having served in all the now-discredited administrations of Stalin, Khrushchev and Brezhnev. Mr Mikhail Solomentsev, chairman of the party control committee, and another stalwart of the Brezhnev years, is a second ageing member who was openly criticised at the June party conference, along with Mr Viktor Chebrikov, chairman of the KGB, the state security service.

Continued on Page 20

Commission may back UK fight for Nissan trade

By Will Dawkins in Brussels and Kevin Done in London

THE EUROPEAN Commission is expected to back the UK Government's fight to gain free access to the French market for cars built in the UK by Nissan, the Japanese vehicle maker.

Commission officials' indications of support came in response to a letter sent yesterday by Lord Young, UK Secretary of State for Trade and Industry to Lord Cockfield, EC Commissioner for the internal market, asking the Commission to intervene in the three-month row between London and Paris.

The conflict has intensified this week, as Nissan begins production today of its first Bluebird models for export to continental European markets.

The French Government is insisting that the UK-built Bluebirds be treated as Japanese produced cars and be included, therefore, under its unilaterally imposed quota, which restricts Japanese cars to a 3 per cent share of the French car market, until the Nissan products reach at least 80 per cent local EC content.

The UK Government had earlier agreed with Nissan that the cars produced in Sunderland would be treated as UK products when they reached a level of 60 per cent local content. Nissan reached this level at the beginning of this year.

"The claimed right to market UK-assembled Nissan cars freely in the EC appears to be legitimate if seen against existing Community practice," said an EC official.

Meetings between French and British officials have failed to make any progress towards solving the dispute.

In letters to both Lord Cockfield and Mr Roger Fauroux, French Industry Minister, Lord Young yesterday spelled out that the French stance was unacceptable.

Britain, which has helped finance the Japanese car maker's assembly plant in Sunderland in the north-east of England, has made clear that it has "every sympathy with Nissan's position".

The row between London and Paris has brought to the surface deep differences among European vehicle makers about the best way of dealing with Japanese car imports and the setting up in Europe of Japanese vehicle assembly capacity.

Lord Young has urged the Commission to declare that cars with 60 per cent local content should be counted as EC-made, in line with the level it recommended after a similar row in 1982 when the Italian Government tried to restrict imports from the UK of Triumph Acclaims, assembled under licence from Honda by British Leyland and rebadged as BL cars.

His appeal is based on Article 30 of the Treaty of Rome, the EC's constitution, outlawing restrictions on imports between members.

This row is highly sensitive because the UK Government made a considerable effort to attract Nissan, the first Japanese car maker to build a big plant in the EC – and the outcome will affect other Japanese car groups' plans to do the same.

Row touches raw nerve, Page 8; trading places for the future, Page 24

Piper Alpha disaster blamed on safety 'breakdown'

By Steven Butler in London

A FAILURE of safety procedures and equipment on the Piper Alpha oil production platform in the North Sea was yesterday blamed for the July 6 disaster that claimed 167 lives in the worst accident in oil industry history.

The Department of Energy's interim report on the technical causes of the disaster said the likely initial cause was a leak in a gas condensate pump the control room was unaware was being repaired.

The report then describes the failure of virtually every emergency system on the platform.

The findings are likely to be a severe embarrassment to the offshore oil industry and will add to calls for more stringent safety procedures.

Mr John Prescott, energy spokesman for the opposition Labour Party, immediately demanded the setting-up of an independent safety inspectorate. He said the report "revealed a lack of safety awareness and demonstrated the urgent need for an independent and immediate review of the safety techniques and apparatus that are applied throughout the North Sea."

He also accused the Department of Energy of covering up "inadequate maintenance and unsafe working practices" at Piper Alpha following an explosion on the platform in 1984. A report on the incident has been made available to Lord Cullen, who is heading the public inquiry into this year's disaster.

Mr Jim Petrie, who heads the Department of Energy's investigation, yesterday called for North Sea operators to begin an immediate reappraisal of safety systems and procedures, including the control of on-platform maintenance work, automatic fire-fighting systems, the working of life-rafts, evacuation routes and the integrity of emergency systems.

The initial blast on the platform was severe enough to destroy a fire wall to the platform's control room, immediately knocking it out of action. Emergency power supplies did not start up and emergency lighting gave out quickly.

Dousing and sprinkling equipment also failed to operate. The automatic equipment had been switched off because of diving activity near the platform.

Continued on Page 20

Frightful failures on Piper Alpha platform, Page 10

Olivetti unveils reorganisation to tackle 'market realities'

By Alan Friedman in Ivrea, Piedmont

OLIVETTI, the Italian office automation concern, yesterday unveiled a sweeping corporate reorganisation which divides the group into three separate operating divisions and reshuffles top management.

Mr Carlo De Benedetti, the Olivetti chairman, said the restructuring was "a logical response to the realities of the world information technology market."

Mr De Benedetti said he planned to devote more time to the company and may increase his equity stake from its present 18.14 per cent.

Mr Vittorio Cassoni, the former American Telephone and Telegraph executive who is now group managing diretor at Olivetti, said the company was "feeling the general squeeze on margins and must therefore improve its structure to achieve better value-added profits."

The reorganisation, to take place next January, will see Olivatti split into a holding company and three business divisions in the areas of office products, computers and related systems and services. A fourth unit will specialise in new technologies.

The first new unit, Olivetti Office, will group consumer products such as typewriters, calculators, cash registers, printers, copiers and office furniture. The second division, Olivetti Systems & Networks, will address the data processing market and will cover personal and mini-computers, terminals, telecoms systems and mainframes. The third unit, Olivetti Information Services, will specialise in software and other value-added services.

Mr De Benedetti said yesterday the aim of the reorganisation was to create a "more efficient and more entrepreneurial business" at Olivetti, enabling it to react more quickly to the fast-changing computer market and to eliminate management layers. Of the 600 middle-level managers affected, it is thought likely that a few dozen may be shed.

Mr Cassoni will preside over the new structure. He will be flanked by Mr Elserino Piol, head of corporate strategy who engineered the 1983 "alliance" with AT&T that saw the US group become Olivetti's leading shareholder.

Mr De Benedetti again confirmed that AT&T would remain a shareholder at least until the expiry of its standstill accord in 1990.

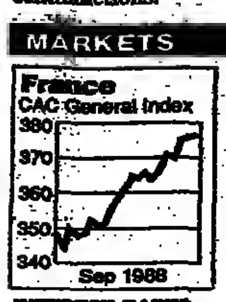
Analysts in New York and Milan reacted to the Olivetti reorganisation by saying that the Italian company, the world's third largest personal computer maker, had to become an integrated systems seller and not merely a hardware company.

Mr De Benedetti said 1988 group revenues would increase at least as much as they did in the first six months, when the rise was 16 per cent.

Lex, Page 20.

MARKETS

France



STERLING
New York close
$1.6820 (1.6900)
London:
$1.6825 (1.6865)
DM3.1675 (same)
FFr10.7775 (10.78)
SFr2.6900 (2.6825)
Y228.0 (226.25)

DOLLAR
New York close
DM1.8826 (1.8775)
FFr6.4055 (6.363)
SFr1.5940 (1.591)
Y134.42 (134.05)
London:
DM1.8820 (1.878)
FFr6.4050 (6.3925)
SFr1.5930 (1.59)
Y134.45 (134.2)

GOLD
New York latest
Comex $401.6 (403.45)

INTEREST RATES
US lunchtime
Federal Funds 8 3/8 ([illegible])
3-mth Treasury Bills: yield: 7.52 (7.56)
Long Bond: 100 3/8 ([illegible])
yield: 9.09 (9.136)
London
3-month interbank close 11 15/16 ([illegible])

STOCK INDICES
New York close
Dow Jones Ind. Av. 2,119.31 (+33.78)
S&P Comp 272.69 (+3.69)
London:
FT-SE 100 1,829 (+16.5)
World: 124.95 (Wed)
Tokyo
Nikkei Ave 27,700.13 (-51.88)
Frankfurt
Commerzbank 1,584.2 (+10)

OIL
Brent 15-day (Argus) $12.525 (-0.425) (Oct)
West Tex Crude $13.97 (-0.215) (Nov)

CONTENTS

Summer success brings autumn of discontent for Gonzalez

A run of political and economic successes is threatening to turn sour for Spain's Prime Minister Felipe Gonzalez, with targets for inflation ruined, interest rates rising and a Cabinet row about how to tackle the situation.
Page 2

Harbour Exchange

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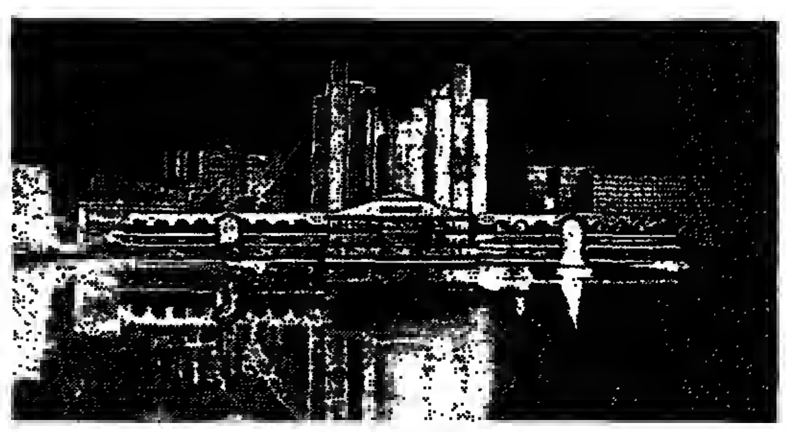

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EUROPEAN NEWS

France sketches course for economy over next four years

Ian Davidson outlines a draft national plan which is aiming for an annual growth rate above the European average, made necessary, says the Government, because of the projected increase in the labour force.

THE FRENCH Government yesterday laid down the target of a economic growth rate of at least 2¼ per cent a year for the next four years, led by exports and investment, in a preliminary outline for a new national plan to run from 1989 to 1992.

The target growth rate of 2¼ per cent is identified as the minimum required to contain the rate of unemployment, one of the plan's top priorities; though Mr Lionel Stoleru, Minister for the Plan, disclaimed any intention that the plan should set precise targets.

The outline, which has been prefaced by Mr Michel Rocard, the Prime Minister, and adopted by the Government, will be elaborated over the next six months by a number of specialised committees, and worked up into a fully-fledged plan to be laid before Parliament in the spring.

This procedure is characteristic of the emphasis on public discussion and compromise which is constantly advocated by Mr Michel Rocard, and appears designed to resuscitate, in a modified form, the process of economic planning which in recent years has lost most of its earlier importance.

France needs an above-average growth rate in the European context, says the draft, because of the growing size of its active population, which will add 2m to the labour force by the year 2000.

"It is only with a growth rate of around 2¼ per cent a year, over a period, that our economy will stop destroying jobs and will start to create them," it says.

But the target is qualified by the need to see investment grow twice as fast as the economy as a whole, and an increase in exports sufficient to secure a significant surplus on the trade balance by 1992.

Because of the need to rectify the trade deficit, the development of the French economy will need to be channelled into labour intensive activities. This means holding down the cost of employment; the Government gives an undertaking that employers' social security contributions, widely held to be a disincentive to employment, will at least be held stable over the next four years.

In addition, the report recommends the development of activities with high employment content and low import content, such as tourism and other services.

On the supply side, the Government says the plan will set an ambitious target for raising the educational level of school-leavers, together with a system of training loans for those seeking new qualifications.

Entitled "La France, L'Europe: Le Plan 1989-1992," the draft places the Government's economic strategy firmly in the context of the Single European Act and the single European market, scheduled to be completed by the end of 1992.

"Like the previous phases in the construction of Europe, the Single Act constitutes one of the most positive elements in our future . . . To take advantage of this new phase implies on our part a strategy in several essential fields: money and finance, public procurement and standards, harmonisation of taxation."

The creation of a single European capital market will call for the readjustment of the fiscal system, so as not merely to avoid the flight of French capital to more rewarding centres, but also to attract capital to France, and to develop the role of Paris as a financial centre.

French banks, insurance companies, stock markets need to get into a position where they can take advantage of the new competitive situation.

At the same time, the European Monetary System will have to be reinforced; the draft alludes, but more tentatively than has been the recent habit of French governments of both left and right, to the idea of a new step towards a European currency and a European central bank.

At home, the draft proposes a leaner role for the state, with the function of supervising and regulating, but as far as possible leaving action to the competitive transparency of the markets. "In short, the state should decide less, should decide better, and should decide fast."

In fiscal terms, the primary objective must be to recover greater freedom of manoeuvre, which means reducing the public debt; the state undertakes to reduce the budget deficit during each of the next four years.

By implication, the draft plan also appears to promise cuts in indirect taxation, as part of the move towards the single European market. This would apply both to the reduction of taxes on savings and investment (so as to avoid capital flight), and to the reduction of French VAT rates to bring them down towards the European level.

At the same time, it calls for the "simplification and adjustment" of direct taxes, without making clear whether this means a shift from indirect to direct taxation. On the other hand, it calls explicitly for a decentralisation of taxation away from the centre, in line with the decentralisation of spending decisions.

The draft lists four main budgetary priorities for the years ahead: education and training; research, with the aim of promoting the growth of national R & D, both public and private, to reach 3 per cent of GDP; "solidarity" with the under-privileged, including the establishment of a minimum guaranteed income; and culture, "because it is at the heart of France's European ambition".

At the same time, it also calls for a slimmer, more efficient state apparatus. "The state must organise itself to do more and do better with less money; the objective is to give the state through improved productivity what can no longer be promised through taxation."

On the receipts side, this means more efficient tax collection methods, and on the expenditure side more modern methods of organisation and impartial methods for assessing efficiency.

In this context, the draft lays down a significant marker on the need for reform of the public sector unions, with emphasis on efficiency and flexibility. "Thus a new type of dialogue will be established between the state as employer and the unions, more focused on motivation and productivity, with which unions in the private sector are already familiar."

The unions in the teaching profession are mentioned in terms which are particularly ominous, coming from a Socialist Government.

"The educational system offers particular opportunities for initiatives aimed at efficiency. Its development is a major objective for the whole nation, and it justifies a constant search for efficiency . . . This requirement has a price which must be measured in terms of increased productivity and improved quality of service . . ."

Thatcher asked by Warsaw to postpone her visit to Poland

By Christopher Bobinski in Warsaw and Robert Mauthner in London

THE POLISH authorities have asked Mrs Margaret Thatcher, the British Prime Minister, to postpone her two-day visit to Poland, which was to have started on October 16. British officials said yesterday that the postponement would be for only 2-4 weeks at the most and that new dates were being negotiated by the two sides.

The official reason for the postponement given by Mr Jerzy Urban, the Polish government spokesman, and Downing Street was that Mrs Thatcher's visit would have come too soon after the formation of the new Polish government, due to be presented to Parliament on October 13.

However, it has been clear for some time that the Polish authorities were not happy with some aspects of Mrs Thatcher's programme, particularly her meetings with Mr Lech Walesa, the Solidarity leader.

On Wednesday, Trybuna Ludu, the Communist party newspaper noted that Mrs Thatcher, whom it described as "the personification of brutal anti-union and extremely reactionary policies," was planning to meet "someone seeking to represent the trade union movement," an obvious reference to Mr Walesa.

All the indications are that Poland's leaders fear Mrs Thatcher will use her meetings with Mr Walesa to promote the cause of free speech and political reform in Eastern Europe at a time when the Government is having the greatest difficulty keeping the banned Solidarity movement in check.

It cannot be ruled out, therefore, that the Polish authorities will try to rearrange the already agreed programme with the aim of giving less prominence to her meetings with Mr Walesa. Under the original programme, Mrs Thatcher was due to travel to Gdansk, Solidarity's birthplace and spiritual home, as well as holding official talks in Warsaw with General Wojciech Jaruzelski, the Polish Party leader.

● Mr Walesa said yesterday that he should be able to work with Poland's new Prime Minister, Mr Mieczyslaw Rakowski, despite past differences, agencies report. "I know his arguments and his way of thinking," he said.

He added, however, that he would break off forthcoming talks on Poland's future if the Communist authorities delayed making concessions. "If it appears that the Government is going to delay, then we will break off the talks very quickly."

Nobel peace prize goes to UN peace forces

By Karen Fossli in Oslo and Our UN Correspondent

THE 1988 Nobel Peace Prize has been awarded to the "blue berets", the peace-keeping forces of the United Nations.

The award coincides with the 40th anniversary of the establishment of the first UN contingent – in the Middle East to police an Arab-Israeli armistice – and with a dramatic upsurge in the prestige of the UN as an institution.

Mr Javier Perez de Cuellar, the UN Secretary-General, who is understood to have been nominated for the award himself, called the decision "brilliant" and hailed it as a tribute to idealism, valour and sacrifice.

Mr Egil Aarvik, chairman of the Norwegian Nobel committee, described the decision as "a sort of a congratulations to the Forces and to the United Nations family as a whole on their birthday."

He said the prize was not intended to recognise any particular operation by the 500,000 soldiers from 58 countries who have undertaken UN duty, of whom 733 (including 300 in Lebanon) have lost their lives.

The most recent UN force to be constituted is UNIIMOG (United Nations Iran Iraq Military Observer Group), an observer group whose task is police the ceasefire agreement in the Gulf.

The Gulf truce, probably the most spectacular result of the worldwide peace-broking in which the UN has been involved this year, was helped into being by an officer from another UN force, Lieutenant-General Martin Vadset of the UN Truce Supervision Organisation.

The most dangerous UN operation at present is probably that undertaken by UNIFIL, the United Nations Interim Forces in Lebanon. Since its inception in 1978, it has drawn soldiers from Norway, Canada, Fiji, Finland, Sweden, France, Iran, Ireland, Italy, Nigeria, The Netherlands, Senegal, Nepal and Ghana.

It is understood that President Reagan and Mr Mikhail Gorbachev, the Soviet leader, were considered for this year's peace prize because of the INF treaty banning ground-launched medium-range nuclear weapons.

But the committee is reported to have taken into account the danger of interfering in the US presidential elections.

Sir Brian Urquhart, a former UN Under-Secretary General, called the award a recognition of the idea of non-violence in the military. UN troops seldom carry heavier weapons than sidearms and may not use these except in self-defence.

The biggest UN peacekeeping effort of all was in the Congo. Mounted in June 1960 to ensure the withdrawal of Belgian forces from what is now Zaire, it had a strength of nearly 20,000 at its peak in 1961.

It helped bring a raging civil war to an end while preventing the province of Katanga from seceding.

● In Cyprus, where 2,000 UN soldiers are based on the Green Line dividing the island between Greek- and Turkish-Cypriot sectors, blue beret soldiers hailed the award as a welcome acknowledgement of their efforts, Reuter reports.

"It's good for the UN to get this recognition . . . sometimes it doesn't get the recognition it deserves," Canadian UN soldier Robert Wadsworth said.

Lieutenant Wadsworth of Calgary, Alberta, spokesman for Lord Strathcona's Horse Regiment (Royal Canadians), said the prize would encourage him and his fellow troops in their task.

Another soldier had other thoughts about the $388,000 prize: "Do we get any of the money?" he said.

De Benedetti coup claim in bank failure

By John Wyles

ITALIAN businessman Carlo De Benedetti scored "a big financial coup" when extricating himself from the affairs of the sinking Banco Ambrosiano in early 1982, according to the Milan magistrate seeking his prosecution.

The Italian news agency AGI yesterday followed up last week's widespread reports that Mr De Benedetti was one of 40 people targeted for prosecution by the Milanese prosecutor, Mr Pierluigi Dell'Osso, with details of Mr Dell'Osso's 1,000 page report.

This is currently being studied by two examining magistrates who will take the final decisions on whether and whom to prosecute.

According to yesterday's leak, the prosecutor's case for arraigning Mr De Benedetti for extortion in the Banco Ambrosiano affair is based on his reading of the severance deal struck between Mr De Benedetti and the bank when he resigned his position as vice-president after only 65 days in office.

Later in the year the bank collapsed with $1.2bn of debts, and its chairman, Mr Roberto Calvi, was found hanging from Blackfriars bridge in London.

When he joined the bank in November 1981, Mr De Benedetti paid L52.9bn (£22.6m) for a 2 per share of its equity, partly in cash, partly in securities in Olivetti and his holding company, Cir, and partly with two promissory notes to the value of L32bn.

The prosecutor maintains that when he resigned Mr De Benedetti was able sell back the 1m shares for their original cash value, leaving behind him obligations whose market value had fallen and shares in a company called Brioschi which did not even exist.

Mr Dell'Osso reportedly believes that Mr De Benedetti was able to use knowledge he gained during his short period in the bank to impose financial conditions for his departure on Mr Calvi, "which would not have been seriously and reasonably proposable to any other financial operator."

He alleges that Mr De Benedetti's initial aim was to depose Mr Calvi and take control of the bank. His report refers to a meeting between Mr De Benedetti and a senior Vatican official, Mgr Silvestrini, to discuss the involvement in Ambrosiano's affairs of IOR, the Vatican bank.

At that meeting Mr De Benedetti told the magistrate he had called Archbishop Paul Marcinkus, the IOR president, a "thief", eliciting the comment from Mgr Silvestrini that it was a case of "a lost sheep."

The Concordat between the Italian state and the Vatican has frustrated magistrates' attempts to prosecute Archbishop Marcinkus for alleged involvement in fraudulant bankruptcy in connection with IOR's ownership of dummy companies to which Ambrosiano lent $1.3bn.

Mr De Benedetti's office in Milan refused to comment last night, remaining confident that there is no case to answer. This belief is based on the fact that Mr De Benedetti made no profit from his severance terms and the bank suffered no loss.

The Olivetti and Cir securities could not easily have been returned because they had been placed in the market and in succeeding months rose steadily in value, it is said.

As for the Brioschi shares, it is alleged that there were in fact promissory notes, issued by the businessman, Giuseppe Cabassi when he purchased two companies from Mr De Benedetti.

These were promptly paid as promised to the value of L32bn by the end of 1982.

Alcatel share in German mobile phone system

By Terry Dodsworth

ALCATEL, the electronics group owned by CGE of France, is to supply network equipment for the digital mobile telephone system planned by the West German Bundespost.

The order effectively puts Alcatel into competition with Siemens, the leading supplier of telephone exchanges in West Germany, which has also been selected to supply equipment. They won in competition with 11 other manufacturers, and will initially be asked to build networks capable of carrying about 10,000 subscribers each.

Alcatel's breakthrough in West Germany, where Siemens supplies network equipment for the analogue mobile system, will put it in a strong position to win other orders for mobile digital network equipment in Europe.

Earlier this week, the French company was selected as one of two suppliers for the digital network now being planned in France.

The individual national orders are all part of an ambitious plan to develop a pan-European mobile digital network that will allow customers to use their personal telephones anywhere in the region.

Italy brings to an end three decades of tight controls on movement of capital

By John Wyles in Rome

ITALY EMERGES tomorrow from a 32-year-long regime of tight controls on capital movements to a become a land of wider freedoms in preparation for the removal of all capital barriers by most EC countries in mid-1990.

Despite cheerful efforts this week by Mr Renato Ruggiero, the Foreign Trade Minister, to encourage Italians to put aside all fear, the move is not without dangers for a country struggling to cap a well of public debt which is approaching L1 trillion (million million), about £430m.

Indeed, the coming weeks could provide a stern test for the balance of payments if Italian investors and market operators conclude that the crucial budget adopted yesterday does not amount to a credible reform of public finances.

In fact, they have already been free to invest in foreign securities as a result of the progressive relaxation of controls since May 1987. But, from tomorrow, banks and companies will have enlarged scope for foreign currency operations which could translate into greater speculation against the lira.

For Mr Ruggiero, however, the risk does not seem great, providing the Government is seen to be pursuing the reform of public finances.

"We have to give a clear signal that we are dealing with the debt," he said at a news conference. In the meantime, he is drawing confidence from capital movements in the first seven months of the year which registered inflows of L17,000bn – including L8,000bn of state borrowing abroad – and outflows of L12,500bn. This compares with total inflows between 1982 and 1986 of L6,000bn and outflows in the same period of L20,000bn.

At one time, a major haemorrhage was in the form of banknotes, furtively suitcased across the border into Switzerland. A 1976 law which made illegal currency exports a criminal offence has been repealed as part of the new liberalisation.

The philosophy previously underlying Italian capital restrictions has been that all is forbidden unless specifically approved by the authorities. This has now been reversed so that all is permissible unless specifically forbidden. Operations which remain outlawed include holding lira deposits abroad, opening credit lines in lira or foreign currency for the benefit of an external operator and the purchase of foreign securities with a maturity of less than 180 days.

Restrictions still in force require all foreign currency transactions to be channelled through an approved bank and the handling over of foreign currency holdings, including banknotes totalling more than £2.5m, to such banks within 60 days from when they are acquired. Foreign securities must also be lodged with the appropriate banks.

Though there are some doubts whether Italian banks are fully equipped and ready to exploit the new freedoms, they will henceforth be able to lend foreign currency to residents for non-commercial purposes, although these loans will have to be balanced by foreign lira deposits. They will also be allowed to lend lire to non-residents, subject to a maximum period of 18 months.

Banks will be able to undertake currency-futures trading and to take net overnight positions equal to 5 per cent of their foreign currency assets instead of squaring at the end of each business day. Trading in currency options will also be liberalised, allowing banks to write options providing risks are completely covered with balancing options.

Apart from being able to exploit these new services, the corporate sector will also be freed from a burden of regulation which currently requires the issue of no fewer than 26,000 authorisations for currency transactions every year.

Austrian coalition aims to reduce budget deficit

By Judy Dempsey in Vienna

AUSTRIA'S Socialist-led coalition Government, in a show of determination to continue the high public deficit, has promised to reduce next year's budget shortfall to 4 per cent of gross domestic product, a fall of half a percentage point.

The 1989 budget, which provides for a nominal net deficit of Sch65bn (£2.95bn) compared to Sch71bn (£3.22bn) the previous year, is in line with the Government's strategy of reducing the net deficit to 2.5 per cent of GDP by 1992.

State expenditure will rise by Sch10bn to Sch528bn. This partly reflects a Sch4bn rise, to Sch58bn, in contributions from the federal budget to the loss-making compulsory pension system.

The Government is having serious difficulties in introducing structural changes to the social welfare system, and the problem is expected to continue into 1990. In contrast with the 1988 budget, next year's draft does not provide for any cuts in social security.

However, the growth in expenditure will be offset by a rise in revenue of Sch16bn-Sch462bn. Revenue is being boosted by the partial privatisation of state-owned industry and banks.

The budget was also influenced by revised forecasts in growth figures for 1988, which increased nominal growth to 5.2 per cent compared to earlier forecasts of 3.5 per cent. A nominal growth rate of 4.8 per cent and an inflation rate of 2-2.5 per cent is expected for 1989. In addition, unemployment next year is expected to fall by 0.6 per cent to 5.4 per cent.

Mayhem in Italian port over waste ship

THE TOWN council of the southern Italian port of Manfredonia resigned en masse yesterday after demonstrators stormed the town hall in protest at the imminent arrival of a ship bringing back toxic waste dumped in Nigeria, Reuter reports.

Police said more than 2,000 demonstrators set fire to the main door of the city hall, smashed windows, overturned police cars and cut telephone wires while, elsewhere in the port, banks, schools, shops and factories shut down for the second consecutive day.

As police called in reinforcements from the surrounding area, Manfredonia councillors announced their resignation to the angry crowd.

Mr Ciriaco De Mita, the Italian Prime Minister, who on Wednesday night signed a decree ordering Manfredonia to accept the West German ship Deep Sea Carrier and its cargo, summoned the port's mayor to Rome.

The Deep Sea Carrier, carrying about 2,500 tonnes of industrial waste dumped illegally by Italian companies in Nigeria, is the second ship to run into trouble. The West German ship Karin B was turned away by five European countries last month after being chartered to remove another cargo of toxic waste from Nigeria. It finally docked in the Italian port of Livorno yesterday

French survey

In the survey on France published in yesterday's Financial Times, Ian Davidson, the principal author, was incorrectly named as Ian Richardson.

Summer of success brings Gonzalez to autumn of discontent

Peter Bruce reports that Spain's Prime Minister is experiencing a rough ride over the performance of the economy

FOR Mr Felipe Gonzalez, this is proving one of the most uncomfortable autumns since he became Spain's Prime Minister in 1982.

An extraordinary run of political and economic successes is threatening to turn sour, with inflation targets in ruins, interest rates on the rise and reports of serious cabinet infighting over how best to get out of trouble.

Today Mr Carlos Solchaga, the Finance Minister, is due to send his 1989 budget proposals to the Cortes (parliament) amid unprecedented attack from the popular press, from some of his Socialist party colleagues and calls for his resignation from the party's allied trade union, the UGT.

Mr Gonzalez still dominates the Spanish political scene, if only because his opponents are in such disarray.

Nevertheless, discontent on both left and right surfaced with new fury last week when the Government announced a full percentage point rise in prices in August which, combined with another sharp rise in July, made nonsense of its 3 per cent inflation forecast for 1988.

At its present rate, inflation would top 5.6 per cent for the year though measures hurriedly set in train are likely to hold it to around 4.6 per cent. That will not mollify union anger and pressure for sharp wage increases next year.

It also upset the Government's own equilibrium. A few days before the inflation figure was published, the Government settled what it hoped would be benchmark wage deals for just over 3 per cent next year with two small unions representing pensioners and public employees.

The August price figures immediately brought protests from the Labour and Public Administration ministers who asked for the settlements to be upgraded. They were turned down. But the large unions, the UGT and the Communist CCOO are setting 7 per cent targets for next year and the UGT has even gone so far as to suggest it might withdraw support for the Government in the next general election.

Spanish unions are not strong – in fact, they are funded by their associated parties – but the UGT at least could make trouble by throwing some of its weight behind the Centro Democratico y Social (CDS) of Mr Adolfo Suarez (CDS): this party is supposedly to the right of the ruling Socialists but it affects leftish positions when they suit, with the aim of forcing Mr Gonzalez into coalition.

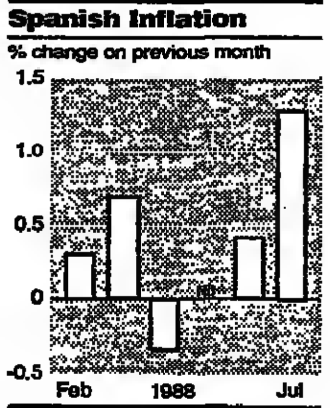
Mr Solchaga also upset the Agriculture Minister by deciding to bring forward to October sharp cuts in import tariffs – in order to force down food price rises that have played havoc with the inflation targets – originally planned for next January.

The Government has also taken a side-swipe at business, parts of which it claims are pushing prices artificially high on the back of Spain's consumer boom, and threatened to prosecute price-fixing food cartels.

The Finance Minister is the unchallenged architect of Spain's astonishing rise to prominence as the European Community's fastest growing economy and the object of a foreign investment wave so strong that Spain's non-gold foreign exchange reserves rank fifth in the world.

Spanish Inflation

% change on previous month



He, not the unions or the Socialist party left, has had the Prime Minister's ear and has helped the Government take away the political middle ground from the CDS and the Alianza Popular, the bigger conservative grouping. But his and Mr Gonzalez's mettle as crisis managers may soon be tested.

The official inflation target is essentially a political peg around which to tie wage agreements and the Government, as it is doing now, employs a range of administrative instruments to keep prices down. Earlier this year it cut fuel prices. Now it is cutting food import tariffs. But there are limits to fighting inflation by decree. The country's underlying rate of inflation is well over 5 per cent and everywhere Spain seems to be pushing at the limits.

Unemployment at some 20-per cent remains immovable despite government claims that 1,000 new jobs are being created daily. Soon after the August inflation figures came out, the central bank, no doubt under Mr Solchaga's guidance, raised its interbank lending rates a full point and the commercial banks, unless they are pressured not to do so, will probably pass on the cost.

The Bank of Spain move broke a determined effort since May to bring rates down.

And given the strong and apparently unquenchable growth of domestic demand – more than 6 per cent so far – and a 15 per cent growth in imported goods and services, the interest rate rises mean Spain may simply become a more expensive place in which to get into debt.

The broad money supply measure, the ALP (M3 plus other liquid assets held by the public) has been threatening its 11 per cent target ceiling all year despite even higher rates in January and February.

Mr Solchaga, whose budget is not expected to contain many surprises – a 15 per cent rise in spending to some Pta 10,000bn (£48bn) and a 20 per cent increase in income to Pta 8,700bn, with the deficit shrinking to 2.8 per cent of gross domestic product – was quick to turn on his attackers last week.

"The Government is solid in its objective of fighting inflation," he said.

Three per cent inflation next was "perfectly feasible provided they don't agree 6 per cent wage rises." he said and warned that if the unions and business did settle high, the Government would defend its target. That would mean a series of monetary and fiscal restrictions.

In addition to the administrative measures it can take to hold prices down and to maintain job creation at its present level, the last three good years do mean that the Government still has some comfortable cushions to fall back on.

Although the high level of imports was hound to overwhelm tourist receipts and push the current account into the red this year, unexpectedly strong exports have kept the targeted deficit of $8bn within sight. Many economists expect the deficit to double next year, however.

But Spain's huge $38bn foreign exchange reserves make that easier to swallow and the country remains an excellent credit risk. Furthermore, a recent Chase Manhattan Bank study reckons that more than half of all merchandise imports have been used to buy machinery and intermediate goods which would improve productive capacity and competitiveness.

But a rise in interest rates could blunt that edge – by further strengthening the peseta's value against the D-mark. But for the moment there is not much the Government can do about that.

FUTURE OF US BASES

Strained links in the chain of allies' security

The US is facing a growing policy challenge — from its own friends. Lionel Barber reports

SINCE the Second World War, US military power has rested not just on *nuclear weapons but on a network* of foreign bases round the world.

Dozens of ports, air bases, storage depots and listening posts have acted as launching pads for the deployment of US forces overseas. Equally important, the bases have served as links in a chain of collective security for the US and its allies.

But this security network faces a serious challenge. It comes not from the US's traditional adversary, the Soviet Union, but from the allies themselves. The challenge takes the form of overlapping renegotiations of base rights which, coupled with rising anti-US sentiment in some countries, have begun to test Washington's policy-makers.

An agreement on US bases in Spain has now been finalised, covering the next eight years. But as part of the deal, the US has had to swallow the staged withdrawal of the 401st Tactical Fighter Wing, consisting of 72 F-16 fighter jets, from Torrejon air base, near Madrid, which was agreed in January this year.

The 401st – the largest US air unit in the Mediterranean – has found a new home in Italy, but Spain's action amounted to the first unilateral reduction of US forces ordered by a European ally since 1966, when France closed US installations and withdrew militarily from Nato.

Spain is not the only country to present problems. Last month, Greece's Socialist Government announced that it had decided to close the Hellenikon base, 10 miles south of Athens, a valuable staging post for intelligence-gathering missions in the Middle East.

In the Philippines, the Aquino Government has indicated that it wants $1.2bn (£700m) in annual compensation for the remaining two years of the current leases for the two main bases, at Subic Bay and Clark Air Base – the counterweight to the Soviet air and naval presence at former US bases in Vietnam.

'Ask not what the US can do for you, but what you can do for the US'

And in South Korea, although both sides agree that the 41,000-strong US forces should stay until the problems of the peninsula are resolved, the US is keen that Seoul bear a greater share of the financial burden. Rising anti-US sentiment in South Korea, fuelled by the prolonged trade and protectionism dispute, has made the issue even more delicate this year.

The problems are not all financial. Several countries, including Spain and the Philippines have raised the threat of a ban on nuclear weapons on their territory – which challenges the long-standing US policy of neither confirming nor denying whether its ships or aircraft are carrying such weapons. In Spain, this threat has been settled by the use of ambiguous language, as it was in Norway and Denmark; but the trend is worrying the US.

Echoing a frustration widespread in the Reagan Administration and in Congress, a senior Pentagon official said: "The (bases) argument is not only about the US defending itself by the forward deployment of forces, but also the psychological and political resolve of the US to defend Europe." These words are given weight by the growing call in the US for "burden sharing," – the umbrella term used to express American dissatisfaction with the allies' contribution to collective security.

Burden sharing is not a new issue and it is being fanned by election year politics. But it reflects a deeper, widespread anxiety about US military commitments overseas being out of kilter with US aconomic strength.

Tha US has collective defence, military assistance relationships or both with 118 countries. In addition, it has a total of 1,264 military bases: 871 bases in the US, 19 in US possessions and territories, and 374 bases overseas (80 per cant of which are in West Germany).

As Mr Fred Iklé, former Defence Under Secretary for Policy, points out, it would be wrong to exaggerate the difficulties surrounding the present base renegotiations when ties with other base countries such as Britain and West Germany remain strong. Indeed, some US officials like to dismiss the convergence of base talks with Portugal, Spain, Greece and the Philippines as mere "astrological coincidence."

Yet avents since 1981, when the Greek Socialist Prime Minister, Mr Andreas Papandreou first signalled that he wanted to get rid of US bases, appear to point to a historical alignment of economic and political forces to Washington's disadvantage.

The cost for the US of obtaining basing privileges is rising fast: between 1974 and 1987, permit costs rose ten-fold from $200m a year to $2bn a year, according to a Hudson Institute study conducted last year for the Pentagon. The overall cost of US overseas basing has risen from $1bn in 1974 to $4.6bn in 1986.

Military base rights negotiations have also become entangled with efforts by host countries to apply leverage over foreign aid, despite US efforts to keep the two separate.

Mr Cavaco Silva, Portugal's Prime Minister, has hinted that he might seek renegotiation of the base agreement on the Azores because of Portugal's dissatisfaction with recent levels of US security assistance.

A similar dispute with Turkey was patched up last year, but the base agreement only permits the US to use certain military facilities until 1990 – after which the pressure for more generous economic and military aid will rise.

But the Administration's room for manoeuvre on aid is minimal. Domestic budgetary pressures, notably a $150bn deficit, are a big constraint; equally important is the way the US Senate has assumed the right to "earmark" more than 90 per cent of security assistance funds for specific countries.

Resurgent nationalism in newly emerging democracies is a theme common to the Philippines, South Korea, Greece and Spain. And the US is made to pay for its previous support of authoritarian rulers such as President Marcos, General Franco or President Chun.

The Spanish request to the US to remove the 401st Tactical Fighter Wing over three years still rankles. Perhaps disingenuously, officials argue that they only expected to shift the jet fighters from Torrejon, not altogether from Spain, where the Wing served to protect Nato's southern flank.

Spanish officials counter that, under the new agreement, the US will retain access to all its four major military installations. Spain has also waived any claim to future US aid, while pledging to strengthen its own armed forces. Thus, Washington's demands for burden-sharing are met.

Not so, says a senior Pentagon official. "It is difficult to exaggerate the significance of the Spanish request to the US to leave," he said, noting that the uncertainty thereby created is an open invitation to the Soviet Union to test Alliance solidarity.

So what should be the appropriate US response to the base conundrum? To paraphrase President Kennedy, the first American message to the Allies is: ask not what the US can do for you, but what you can do for the US.

Italy's prompt decision this year to accept the 401st Tactical Wing won much *admiration* in the Administration and in Congress. Equally important was the agreement by Nato members – excluding the US – to bear the $500m cost of *relocating the Fighter* Wing.

The second US response is to lay plans today for what could be drastic changes in force structure tomorrow. US planners have already drawn up a complicated study of relocation from the Philippines, including a breakdown of every function from ship-repair, to maintenance, to training.

The study is believed to contain proposals for alternative bases such as moving ship repairs to South Korea or possibly Singapore, and setting up an air base and port at the US territory of Guam, or the island of Palau which has a harbour deep enough for a carrier battle group. But the total cost of such a move could be more than $10bn.

A third response is to move gradually away from a reliance on base accords and towards access agreements which allow the host country more discretion in accepting US forces.

Above all, Mr Iklé points out, the current tensions over allied base renegotiations should not obscure the fact that the Soviet Union's own position is less than favourable. Moscow is still ensconced in the Horn of Africa, but it faces wholesale withdrawal from Afghanistan and pressure in Indochina at the Da Nang base. The Soviet expansion of its worldwide base structure in the 1970s has been reversed – and that is in part due to US efforts.

The question is how far the next US President will be willing or able to sustain those efforts. Neither Mr Bush nor Mr Dukakis has addressed this issue in any detail.

Papandreou illness raises fresh doubts over negotiations

By Andriana Ierodiaconou in Athens

NEGOTIATIONS for a new agreement on the operation of the four US military bases in Greece were temporarily suspended by Washington in early *September, following* a decision by Athens to close down one of the four facilities, the Hellenikon airbase on the eastern outskirts of the Greek capital.

Washington had hoped to conclude the talks, which began one year ago, by December, when the five-year 1983 Greek-US defence and economic co-operation agreement expires. This agreement currently governs the bases' operation.

However, talks could extend beyond that date, given that the 1983 agreement gives the US 17 months beyond the December deadline in which to close down the bases and withdraw some 7,500 personnel and dependants from Greece.

Despite a theoretical commitment to closing the bases down, the Greek Socialist government has said *it* is willing to sign a new agreement.

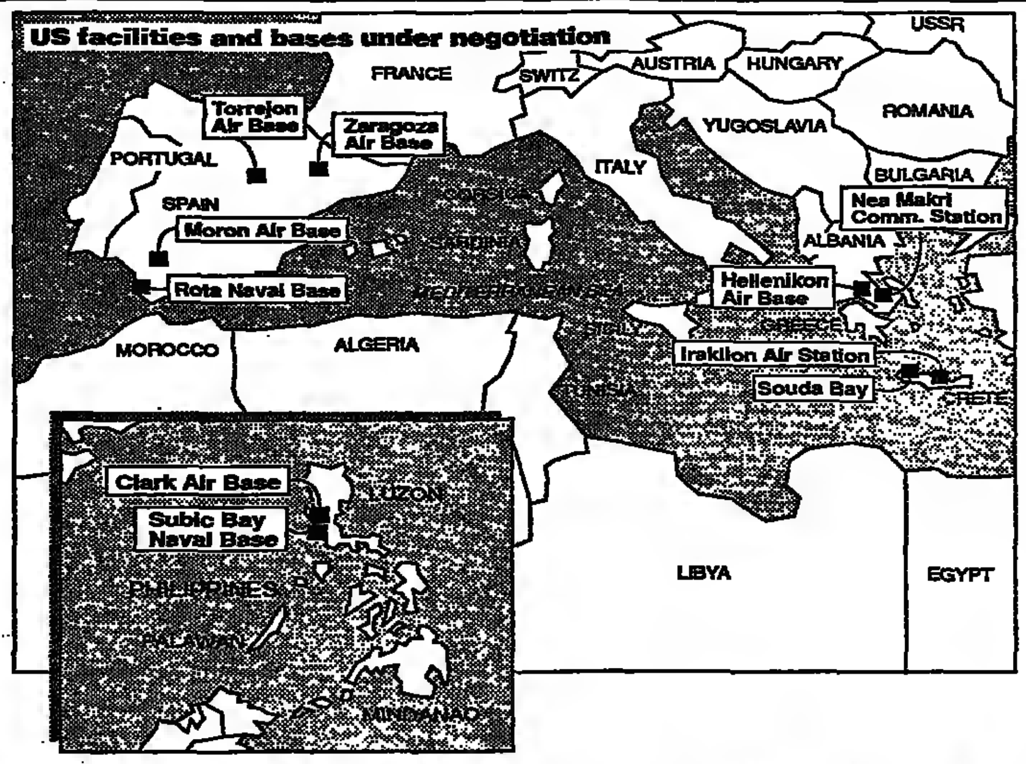
However, this would be on the condition that any deal *include some sort of guarantee* of Greek interests in the light of perceived expansionist designs by Turkey, its rival, neighbour, and fellow Nato member.

The American side has ruled out specific reference to third countries, but a compromise formula involving the reiteration of existing US commitments, such as to the United Nations charter or the Helsinki agreement, was reportedly considered feasible.

The further course of the bases talks, which according to the Greek side will resume in October, is complicated by the sudden illness of Dr Andreas Papandreou, the Prime Minister, effectively the key Greek negotiator, who is awaiting heart valve surgery in London.

Should Dr Papandreou be *obliged to retire from active* political life for health reasons, then the odds will be heavily in favour of a return of the Greek Conservatives to power, in which case the bases talks will have to be relaunched.

The Conservatives are committed to keeping the bases, but might well set tougher terms for signing a new agreement



Wrangling over the Philippines facilities set to get tougher

By Richard Gourlay in Manila

US NEGOTIATORS have faced a harrage of anti-American rhetoric during five months of inconclusive talks on compensation for two more years' use of military bases in the Philippines. They haven't seen anything yet.

The five-year review of the *Strategic* Clark Air and Subic naval bases and four smaller facilities covers a range of issues in the lease that runs out in 1991, but the talks have boiled down to a haggle over money.

Once an agreement is reached – and most observers accept thet an agreement is inevitahle – the process begins again in earnest with talks on whether the Philippines should host the bases beyond 1991.

President Corazon Aquino *has repeatedly* assured Washington that the current agreement will be honoured, but she is keeping her options open over an extentsion.

However, because of a quirk in a previous negotiation, the compensation element in the agreement runs out this year, and with it the US Administration's undertaking to use its "best efforts" to persuade Congress to eppropriate $180m a year in military, economic and food aid.

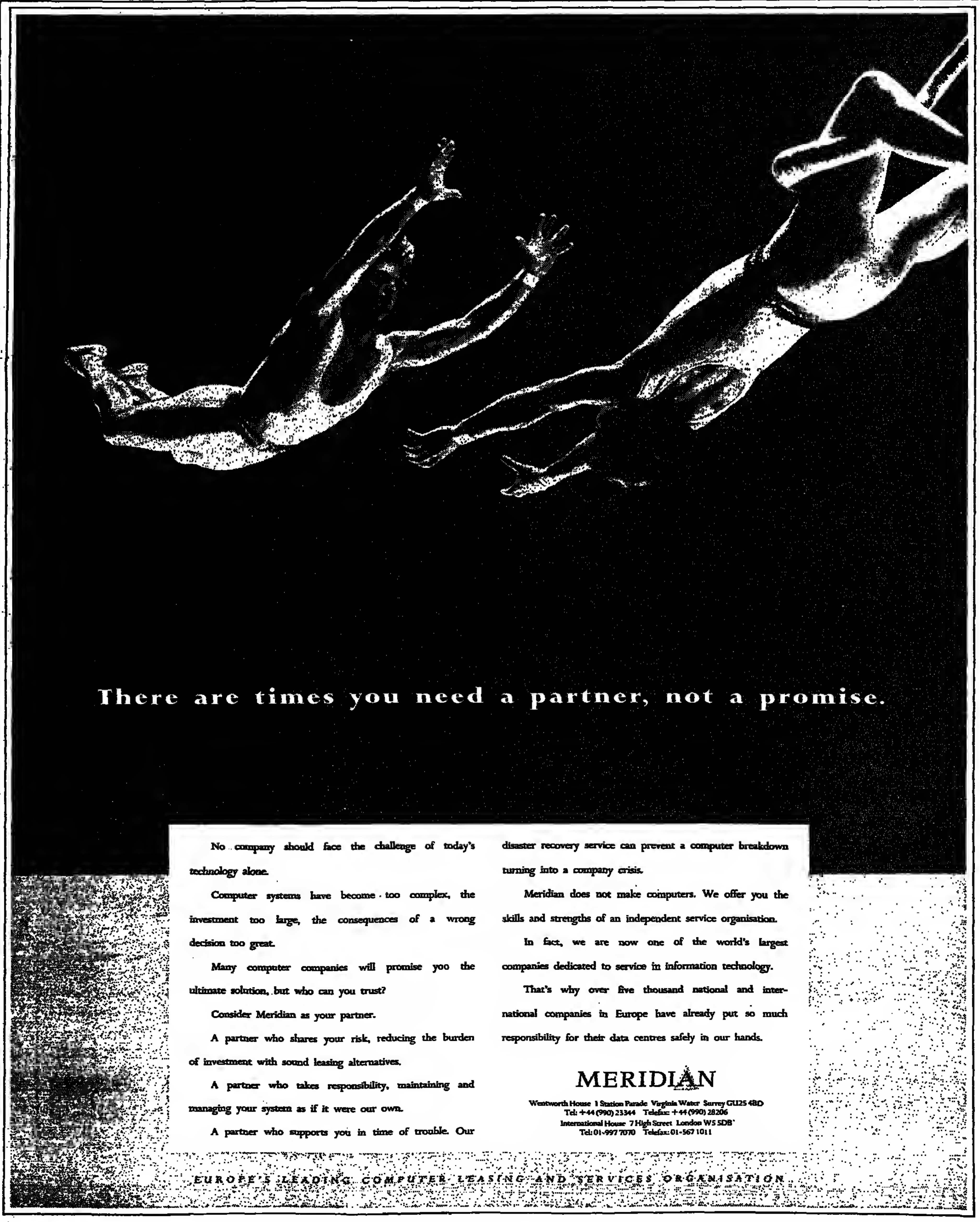
One of the key obstacles now is the puhlic nature of the negotiations. Mr Raul Manglapus, the Philippine Foreign Secretary, has announced he is asking for $1.2bn a year while Washington has confirmed a Philippine statement that the US is only offering around $500m in hard cash.

While Mr Manglapus has hinted that the two sides are close on the hard cash, he is now exploring "soft," or non-cash extras to try to hring the package closer to $1.2bn.

Mr Manglapus, who was given some rough treatment by the FBI in the US while an exiled opposition leader during President Marcos's rule, may also be waiting to deal with a new US Administration, although there are no signs he would get a better deal.

If it has heen a tough five months, it is going to get tougher. Supporting the bases is not seen as sound domestic politics given a mood of resurgent nationalism.

Few advocates of the bases, including Mr Fidel Ramos, the Defence Secretary, puhlicly face up to the country's economic dependence on them. They provide around 5 per cent of Gross National Product.



Argentina halts constitution reform

By Gary Mead in Buenos Aires

LONG-STANDING plans to reform Argentina's constitution have come to a halt.

Mr Enrique Nosiglia, Interior Minister, in a document circulated to the leaders of the main political parties, said reform was impossible during the run-up to the presidential election in May next year and that the position would be reconsidered after vote.

President Raúl Alfonsín's Radical Party Government has since 1984 sought to alter Argentina's constitution in three crucial directions: to reduce government office from six to four years; to introduce a prime ministerial post alongside that of president, thereby reducing the executive power of the presidency; and to modify a rule requiring the president to be a member of the Roman Catholic faith.

In the last few weeks President Alfonsín has met with the Peronist presidential candidate, Mr Carlos Menem, and Mr Eduardo Angeloz, the Radical Party candidate, to agree terms for the constitutional changes. However, both have dismissed the plans as low on their list of priorities.

The stumbling block is that both believe they have a reasonable chance of success and see little point in diminishing the executive power of the presidency before they have a chance to take office.

In his declaration to the candidates, Mr Nosiglia, who has also taken charge of the Foreign Ministry in the absence of Mr Dante Caputo at the United Nations, said he hoped all political parties would draw up documents stating their position on the reform proposals. But it is unlikely that any changes will occur before the next president takes over in December 1989.

In a related issue, the Congress is due to end its ordinary session at the end of September without having approved budgets for either 1987-88 or 1988-89. Last year's budget is almost a year overdue, and that for this year almost two weeks. Important legislation may be considered in an extraordinary session in November.

Such legislation includes not only national budgets but deals to sell part of state-owned companies, a crucial element of the Government's structural economic reforms.

Agreements to sell 40 per cent of the national airline Aerolineas Argentinas to Scandinavian Airline Systems (SAS) and the state-owned telephone company Entel to the Spanish telephone corporation Telefonica will not be approved by Congress before November at the earliest. Both Telefonica and SAS have suggested that such delays are discouraging.

Legislative delay and apparently indefinite postponement of constitutional reform are regarded as reflecting the Government's relative impotence during its final days of office.

Bankers expect interest payment

By Stephen Fidler in West Berlin

ARGENTINIAN officials have indicated in private meetings with bankers in West Berlin that the country intended to make a "significant" payment of interest to commercial banks in the near future.

Argentina is more than $1bn in arrears to the banks, dating back to April. US regulators meet next month to assess the standard of bank loans to developing countries.

Bankers said the Argentine Government was also expected to hold meetings with its bank advisory committee in New York early in October.

The payments however will not bring the country completely up to date but should reduce the delay on payments to less than 90 days, a critical period from the point of view of the US regulators.

● World Bank President Barber Conable said Peru's recent efforts to bolster its economy were appropriate and long overdue, AP reports.

Mr Conable said in Berlin that Peruvian officials had held low-level talks about ways in which the country could pay back the money it owed the bank.

Reagan set to sign arms bill

By Stewart Fleming, US Editor, in Washington

PRESIDENT Ronald Reagan is expected to move swiftly to approve a $300bn Pentagon budget bill which would trim spending for his "Star Wars" Strategic Defence Initiative.

Mr Reagan vetoed the original Pentagon authorisation bill on August 3, an action widely criticised as politically motivated. Vice-President George Bush subsequently attacked Governor Michael Dukakis, his Democratic rival for the presidency, on defence issues.

The current bill, which has overwhelming support in Congress, contains only what Democrats are describing as "cosmetic" changes from the original bill. The new bill was approved by 369-48 in the House and 91-4 in the Senate after key senators had worked with Defence Secretary Frank Carlucci to meet some of Mr Reagan's objections.

The compromise limits SDI spending to $4.1bn in the 1989 fiscal year which begins on October 1. This is $800m less than the President requested.

The specific restrictions on how the spending should be allocated, which were contained in the bill Mr Reagan vetoed, have been replaced by assurances by Mr Carlucci that he will not cut spending on research into land-based nuclear missile defences proportionally more than he does space-based defences.

Mr Carlucci has been moving separately in the direction of putting more emphasis on a narrower land-based anti-ballistic missile defence system anyway, which is in line with the priorities Congress wants to set, but in conflict with the ambitious space-based missile shield Mr Reagan envisaged when he launched SDI in 1983.

The bill also increases by $100m funding for modernisation of strategic missiles. Mr Reagan had requested that most of the money for modernisation should be spent on the development of the rail-based 10-warhead MX missile.

Instead, $250m will be allocated to the MX, which Mr Bush supports, $250m for the mobile single warhead Midgetman which has support in Congress, and $350m (instead of $250m) put aside so that the next president can make his own choice.

Mitterrand calls for end to hostile blocs

By Our UN Correspondent

PRESIDENT François Mitterrand of France told the UN General Assembly yesterday that successful disarmament negotiations over the next two years would open vast prospects for the future of Europe, where history and geography called for an end to hostile blocs in the interests of East and West alike.

But if there were no such good results, "then unfortunately there would be nothing to prevent an avowed or disguised return to over-armament, with each one resuming his freedom of action", he said.

Like Sir Geoffrey Howe, the British Foreign Secretary, Mr Mitterrand supported US President Ronald Reagan's appeal for a new attack on the problem of chemical weapons. The French leader said Mr Reagan, who addressed the General Assembly on Monday, spoke correctly on the subject and in urgent terms that echoed France's own concerns.

He noted that both the US and the Soviet Union – which also backed the Reagan proposal – had chemical weapons in their arsenals while France did not. Mr Reagan's proposal of a conference of the 110 signatories of the 1925 Geneva protocol would aim at a re-affirmation of the commitment of non-use of chemical weapons.

Mr Mitterrand said France wanted the UN role increased in the struggle against proliferation and use of chemical weapons: "Let us create a situation which would make it impossible for any state to use chemical weapons with impunity to settle its external or internal problems," he said.

Canada's Liberals unveil poll platform

By David Owen in Toronto

MR JOHN Turner, Canada's opposition Liberal leader, has unveiled details of the party's election platform, though a date has yet to be set. It included a commitment to scrap the still unratified US-Canada free trade agreement.

The party also promised to provide some form of tax relief on residential mortgages and to undertake an extensive environmental clean-up.

Mr Turner said a Liberal government would not proceed with the second phase of the Government's tax reform plan which would replace federal manufacturing tax with a multi-stage value-added tax. Phase ona lowered overall tax rates but closed a number of loopholes.

Other pledges included: proposed income supplements for the so-called working poor, a "clean government" act, which would set rigid conflict-of-interest standards, and a programme to provide equal pay for work of equal value in a bid to "stop the economic exploitation of women".

The latest Angus Reid opinion poll gave Mr Mulroney's Conservatives 40 per cent of decided voters, the left-of-centre New Democratic Party 31 per cent and the Liberals 26 per cent. About 22 per cent of voters are undecided.

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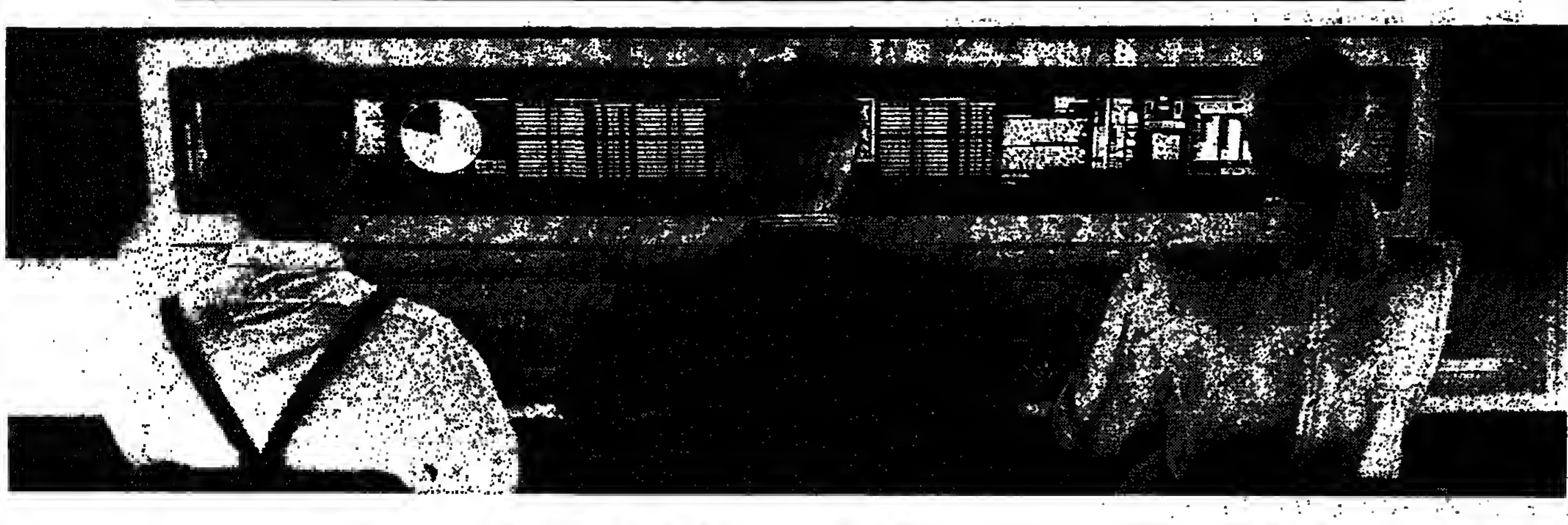

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Brazil's employers and labour leaders seek 'understanding'

By John Barham in Sao Paulo

BRAZIL'S business and labour leaders are negotiating to join forces against the country's growing inflation rate, currently 24 per cent a month.

The discussions are advancing slowly and unevenly. None the less, a top member of the employers' association says a "national understanding" will be signed soon.

In spite of divisions on both sides, the negotiators agree on the main points to be included in the "understanding." These are that employees, employers and the Government should jointly negotiate future wage and price increases and reduce the federal spending deficit and the country's $117bn foreign debt.

Their ultimate objective is to revitalise the economy by increasing investments. Growth should be zero this year. But, they say, inflation has to come down first. Prices have risen by 600 per cent over the last 12 months. Economists are forecasting an inflation rate of 800 per cent for this year, more than twice last year's 366 per cent.

The talks are an example of Brazilians' penchant for conciliation. The unions and the employers are united by a common fear of hyper-inflation and its effects on wages and profits. And both sides are equally afraid of what the discredited Government of President Jose Sarney might do next. Mr Sarney has decreed two abortive price freezes in the last two years.

Although the emergency policies did not stem inflation, they utterly disorganised the economy. The current policy is to tackle the spending deficit, which the Government says will be equivalent to 4 per cent of GDP this year. The cuts might be followed by yet another price freeze closer to the end of the year.

The Government has, from the wings, quietly encouraged the talks. However, the negotiators cannot decide when they should formally invite the Government to join.

Infighting has slowed the talks. Mr Luis Eulalio de Bueno Vidigal Filho, vice-president of the National Confederation of Industry, an employers' association, admitted that "personal and political problems are delaying the discussions."

The left-wing CUT labour confederation has refused to have anything to do with the talks, organised by its moderate rivals. CUT's president, Mr Jair Meneghelli, said: "If the dominant classes really wanted to stop inflation, they could. Wages are not the cause of inflation, so we have nothing to debate."

Instead, he says, the Government should repudiate the internal and external debts, improve social services and make good workers' past wage losses.

Still, the consensus is that the Government alone cannot restore order to Brazil and that a "national understanding" is necessary to avoid worsening political as well as economic instability. According to Mr Vidigal, that understanding is just a matter of time.

Rio's mayor surveys his bankrupt city from a rickety Beetle

Schools and hospitals are grinding to a halt, writes John Barham

MR SATURNINO Braga, Rio de Janeiro's haggard mayor, is desperately casting about for ways to handle his city's insolvency.

Rio's decline began with the federal government's move to Brasilia in 1961. Since then, decades of mismanagement have worsened its financial health. Two weeks ago, the city was declared bankrupt.

Its schools and public hospitals are grinding to a halt for lack of supplies, staff and, above all, money. Many of the city's unpaid 104,000 employees are on strike.

Mr Braga's administration has a foreign debt of $150m and is running a budget deficit of £188m, which together with other liabilities adds up to a $44m hole in its finances.

The humiliated mayor, who is an economist by training, has stopped using his official car and now drives about in his rickety Volkswagen Beetle.

He is begging unsympathetic state and federal treasuries for help. President Jose Sarney has approve a $58m loan to rebuild areas devastated by severe flooding seven months ago. But he has refused to allow Mr Braga to issue $8.5m in municipal bonds.

Officials say the city is "owed" about $190m in loans already approved by the federal government and international development agencies. But the money has not been disbursed yet. The World Bank is now releasing a $175m loan to repair flood damage.

The mayor has organised a bipartisan emergency committee of city notables to press the Government to ease Rio's finances.

Mr Braga's former assistants blame him for the financial chaos. His ex-planning secretary, Mr Tito Ryff, said he was not allowed to increase taxes, because it might endanger the Mayor's candidate, Mr Jo Resende, in the November local elections. Mr Resende tearfully pulled out of the race the day his mentor announced the city's insolvency.

Mr Cesar Maia, a former state finance secretary, said the Mayor was wrong to grant real wage increases to city workers. And instead of pruning the payroll, he actually hired more employees. Mr Braga naturally rejects the criticism. He blames the floods and inflation, which is about 24 per cent a month. Rising prices have eroded tax revenues and increased costs.

The four leading candidates in the elections in November all promise to fire employees, modernise the city bureaucracy and improve tax collection.

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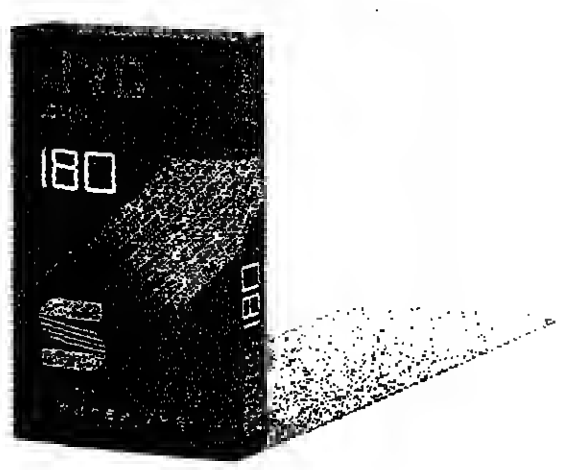

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OVERSEAS NEWS

Merger wave transforms Australia's company mix

By Chris Sherwell in Sydney

SOME 220 of Australia's top 500 companies have been merged, acquired or displaced over the past six years, and the number will rise to more than 300 before the end of the decade, according to a study published yesterday.

The 250-page study, entitled Australia Tomorrow and published by the Ibis consultancy of Melbourne, says tbe change in enterprise mix "represents nothing less than a metamorphosis of Australian business".

The change, it suggests, is occurring as part of a much wider evolution in which Australia is hoping to reverse the long-term decline in its world position through e difficult adjustment process.

In its findings, the study foresees:

● A serious recession around 1990, triggered by another stock market crash, which will see Australia complete the restructuring of its economy.

● The emergence of four major economic regions – North America, Western Europe, the Soviet bloc and Asia-Pacific – with Australia moving closer to supply the growing Asia-Pacific region.

● A shift in Australia to a post-industrial services-related economy, hut one in which Australia remains a leading producer and supplier of food, minerals and energy and offers high value-added services in tbe fields of tourism, education, health, finance and communications.

● Continued changes in the Australian population: an increasing proportion of aged persons, more households with no dependent children, shifts awey from the capital cities and the south east, and sharpening wealth differentials.

Of most immediate significance, bowever, are its findings on the state of the Australian corporate sector.

Ibis says the disturhing decline in business profitability since the early 1970s, which saw the share of gross domestic product received by companies and unincorporated enterprises fall from 30 per cent in 1970 to 21.6 per cent in 1982, may now be going into reverse.

It says some 58 per cent of the mergers and acquisitions among the top 500 companies in the 1980s have taken place in manufacturing. The next biggest groups were in wholesale and retail (15 per cent) and finance and property (12 per cent).

At the same time the rapid expansion of service industries has produced a strong growth in the number of small businesses, in financial, recreational and personal services. The overall effect is an apparent "squeezing" of middle-sized businesses.

According to Ibis, small business employs 40 per cent of the labour force and produces 25 per cent of GDP, while large enterprises employ 45 per cent of the labour force and produce 57 per cent of GDP. In between, medium-sized husinesses employ just 15 per cent of the labour force and account for 18 per cent of GDP.

Japanese industrial production up 2.2%

By Michiyo Nakamoto in Tokyo

JAPAN'S industrial output in August grew 2.2 per cent from July, according to a preliminary report by the Ministry of International Trade and Industry.

The increase in production – which marks a turnaround from the 0.9 per cent decline in July – was seen across all indnstries, particularly in those benefiting from strong domestic demand supported by the high level of capital investment and consumer spending. A recovery in exports also contributed to greater production.

Growth in output was particularly strong in the machinery sector with an increase of 3.6 per cent. In the electrical machinery industry, where demand for integrated circuits and video cameras has been strong, output increased by 3.0 per cent.

Construction rise

Orders received by Japan's 50 leading construction companies rose 18.6 per cent in August from a year earlier to Y1,372bn (£6.1bn), the 17th consecutive month of year-on-year rises, tha Construction Ministry said, Reuter reports from Tokyo.

Taiwan share row

About 800 investors angered by plunging share prices demonstrated outside Taiwan's Finance Ministry yesterday to demand that the Government postpone or withdraw its plan to reimpose a stock profit tax, AP-DJ reports from Taipei. Some protesters asked that the stock market be shut down until the Government worked out a more acceptable tax plan with investors. Earlier yesterday, a barrage of sell orders hit the market when it reopened after a four-day holiday. The stock price index fell 175.95 points to close at 8,613.62 points.

US Kampuchea aid

The Reagan Administration intends to triple its aid to the non-communist Kampuchean opposition in an effort to blunt the influence of the communist Khmer Rouge guerrillas, the New York Times reported yesterday, according to Reuter in New York.

US banks in Asia

Leading US investment banks in New York are expanding bond selling operations to include Singapore and Hong Kong, despite limited interest shown in fixed income securities by Asian institutional investors outside Tokyo, Reuter reports from New York. Bond market sources said three companies, led by Salomon Brothers Asia, are to open Asian offices, or have expanded existing fixed income departments in these cities.

Australian coal deal

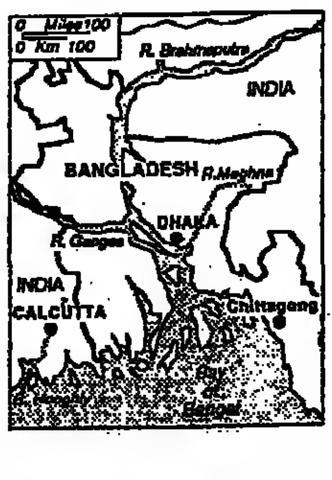
Coal miners in southern New South Wales have become the first to accept radical work practice changes in the industry, Reuter reports from Sydney. A meeting of 2,000 miners voted narrowly to accept proposals to keep mines open over Christmas, extend daily work hours to eight from seven hours and introduce flexible rostering.

Rangoon strikers

The Burmese military government said more than half the employees of five ministries in Rangoon have returned from a pro-democracy strike, but a Western diplomat said yesterday the workers planned only to pick up their paychecks, AP writes from Rangoon.

Gandhi, Ershad revive river project

By David Housego in New Delhi



THE devastating floods that struck Bangladesh and northern India this year have spurred the two governments to revive plans for harnessing the Brahmaputra and Ganges rivers in what could be potentially one of the world's great engineering projects.

Mr Rajiv Gandhi, the Indian Prime Minister, and President Hussein Mohammed Ershad of Bangladesh agreed yesterday at the end of day-long talks in Delhi to set up a joint task force to study flood control and water resource management of the two rivers that flow into the Bay of Bengal.

The specialist team will take up the complex proposals for giant dams in the catchment area of the Brahmaputra and a linking canal to the Ganges which has lain on the shelf for years because of acrimonious disputes between the two states over water control and sharing.

President Ershad took the lead in initiating yesterday's talks, which come after hitter recriminations on both sides over the recent flooding and relief measures. This year's floods in Bangladesh and north India were the worst in more than 30 years – resulting from unusually heavy flows from the Brahmaputra coinciding with monsoon floods in tha Ganges. But the pattern seems to repeat itself every quarter or half century.

The devastation caused in Bangladesh – coming in the wake of heavy flooding last year – seems to have pushed both governments to the conclusion that they must co-operate. In practice this will be difficult because of the mutual suspicion that enshrouds relations between them and because the engineering project concerned has to be envisaged over a 20-30 year timescale. But as Mr B.G. Verghese, an Indian specialist on the water resources issue, commented yesterday: "A crisis shapes you up and makes you think on new lines".

The Brahmaputra-Ganges-Meghama river system is second only in size in the world to the Amazon but in terms of population and complexity are bigger. A third of the total water resources of the sub-continent stems from these rivers.

According to an Indian Foreign Ministry spokesman last night, the task force, which is due to report in six months, is to take up proposals first put forward by India in 1978. These involve building three large dams on the head waters of the Brahmaputra with a hydro-electric generating capacity of 6,000 megawatts – the equivalent of several power stations.

The original Indian proposals also provide for a long canal to bring surplus water from the Brahmaputra to the Ganges to irrigato north-east India and western Bangladesh. This was rejected by Bangladesh at the time as cntting their country in two, absorbing large areas of cultivated land and implying too great an Indian domination. Subsequently Bangladesh put forward proposals for a smaller canal.

If the giant project ever got off the ground, the World Bank and major donor countries would almost certainly be asked to take part.

It still has many hurdles to overcome. These include Chinese territorial claims in the part of Arunachal Pradesh in north-east India which would be flooded if the proposed dam there was constructed.

The first sign of a new mood permitting feasibility studies on the project to go ahead will be whether the two countries can negotiate a new agreement on dividing the waters of the Ganges below the Farekka Dam. The current agreement expired last year and a new ona will be needed before water levels get low in December or January.

Japanese urged to lead normal lives despite emperor's illness

By Ian Rodger in Tokyo

JAPANESE government leaders yesterday urged people to carry on with their lives normally despite the critical illness of Emperor Hirohito.

Mr Keizo Obuchi, the chief Cabinet secretary, said at a press conference in Tokyo that self-restraint was "not appropriate" and that the emperor himself did not appreciate some of the excessive measures of respect being taken.

The Government has been startled by the strength of public reaction to the emperor's illness and may be worried by the efforts by traditionalists who are trying to stir up nationalistic sentiment. There is a group of people in Japan who are using the occasion to press their view that the emperor is still a god and so the Government should agree to carry out all the traditional rituals associated with the death of one emperor and the accession of the next, many of which are religious.

The Government would face strong criticism if it did so.

The postwar constitution imposed a clear separation of religion and state, with the aim of preventing the kind of adulation of the emperor that contributed to Japan's pre-war militarisation. Also, at the behest of the US occupation authorities, Emperor Hirohito renounced his divine status after the war. Traditionalists believe he never accepted the renunciation and are taunting the Government to maintain the traditional rites of passage.

Since news of the emperor's illness first emerged on September 19, the pattern of daily life in Japan has changed considerably. Festivals and parties have been cancelled and radio and television stations have featured nearly continuous bulletins of the emperor's condition delivered by announcers wearing sombre suits.

Among the gestures now being criticised are a decision by Nissan Motor to withdraw a television commercial in which a model says, "How are you everyone?" The Japanese phrase for this means literally, "are you well?" and Nissan feared it might be disrespectful to the emperor. Toyota Motor withdrew a poster advertising a new car with the slogan, "The joy of living".

A department store in Nagoya has cancelled a sale to celebrate the victory of its baseball team. The country's private railways issued dark blue ties to their employees.

The Government itself bears a considerable share of the responsibility for the strength of public reaction. When the Cabinet learned of the emperor's illness, it was quick to adopt a posture of near emergency. It cancelled two important overseas visits by the finance minister and the foreign minister and ministers dropped plans for normal public appearances.

Pakistan Speaker recalls MPs

By Christina Lamb in Islamabad

THE politics of Pakistan have been plunged into further chaos by the announcement of the parliamentary Speaker that he has reconvened the dissolved National Assembly to start a new session on Sunday. The assembly had been dissolved in May by the late President Zia ul-Haq before his death in a mysterious airplane crash in August.

The move follows a high court decision on Tuesday that Gen Zia's dismissal of the government and dissolution of the assembly were illegal.

Although the court order did not restore the assembly, Mr Hamid Nassar Chattar, the Speaker, a close supporter of Mr Mohammed Khan Junejo, the ousted Prime Minister, believes it nullifies all actions taken since May.

"The court said the grounds for dismissal were not sustainable in law which I interpret as meaning we have not been sacked and the assemblies should be revived. Mr Junejo is thus still the Prime Minister and has the authority to sack the caretaker government, and decide whether November's elections should go ahead."

According to Mr Chattar, the Constitution empowers him to reconvene the National Assembly if requested by at least a quarter of the 237 its members. Telegrams have been sent to all former members and so far 106 have signed, including Mr Shujaat Hussein, Industry Minister in the caretaker cabinet, and some who have left Mr Junejo's party to join the new government Moslem League.

Mr Chattar was advised by the President Ghulam Ishaq Khan to wait for the details of the court judgment expected in two weeks, but after consultations with Mr Junejo, Mr Chattar decided to call the session for Sunday. Rather than face ugly scenes, the Government is expected to obtain a stay order from the Supreme Court.

Israel hints Taba dispute may drag on

By Andrew Whitley in Jerusalem

AN international arbitration panel in Geneva ruled yesterday in favour of Egypt's claim to the Taba enclave, at the head of the Gulf of Aqaba, which has been held by Israel since 1967.

Israel, however, indicated yesterday that the widely expected judgment might not mark the end of the prolonged dispute, over a 700-square-metre scrap of sand whose only value derives from the presence of a luxury resort hotel.

The panel, set up after the failure of bilateral talks, ruled four-to-one in favour of Egypt, with Professor Ruth Lapidot, the Israeli delegate, casting the lone dissenting vote. Another eight disputed spots along the Sinai desert border were awarded to Egypt, while the remaining five went to Israel.

Israel refused to hand over the Taba region in 1982, when its withdrawal from Egyptian territory was due to have been completed in accordance with the peace treaty signed three years earlier.

The dispute has become a serious bone of contention between the two countries. In the first official Israeli response to the verdict, Mr Yossi Ben Aharon, the hard-line director-general of Prime Minister Yitzhak Shamir's office, argued that the panel was not competent to pronounce on either the rightful ownership of the Taba region, nor the precise line of the border.

Signalling the right-wing Likud party's intention to drag its feet over the implementation of the decision – at least until after November 1 Israeli general election – he proclaimed: "Everything is open to negotiations."

The Egyptian-born Mr Ben Aharon told the Army Radio that the dispute should not become a point of tension with Egypt. But he left open the possibility that Israel might not return the enclave, in defiance of the arbitration tribunal's previously agreed terms of reference.

The two countries are due to meet within three weeks to discuss the implementation of yesterday's ruling, and then have a further month to put it into effect.

With a row already gathering in Israel over "Who lost Taba?", demonstrators from the Likud and Tehiya parties yesterday gathered on Taba beach – Israel's only topless bathing spot – to voice their opposition to any handover.

General prescribes big theme reform for Lebanon

Jim Muir meets a country's would-be saviour

LOOKING down on Beirut from the Defence Ministry at Yarze, in the wooded foothills to the east of the city, it must be easy to imagine that you can sort things out. Clustered in the heat-haze on the promontory of Ras Beirut, the capital looks remote and manageable.

"Don't get bogged down in the details, don't worry about what's happening in the streets," says Gen Michel Aoun, Army Commander and, as of midnight last Thursday, Prime Minister of a military government composed of just two other Christian army officers.

"Think of the big themes," the General says. "Get Israel out of the south. Get the Syrians out. Restore Lebanon's sovereignty. That's it."

Gen Aoun makes no secret of the fact that he aspires to be Lebanon's saviour. But how does he intend to set about that monumental task, in a country riven by more than 13 years of civil strife which have not left his own army unscathed - as the defection of the three Moslem officers appointed to his cabinet shows?

"Well, we have to have our sovereignty first, and stability, and then to make political reforms; and to conclude some entente with Syria," he prescribes. Big themes indeed. But for the meantime, the General finds himself immersed in the problem of how to give credibility to his claim that his three-man army cabinet really represents the whole country.

Aoun: big themes

He seems genuinely surprised at the Moslem boycott of his government, pointing out that the three officers concerned - a Sunni, a Shiite and a Druze - were close to their communities' political leaders, Dr Selim al-Hoss, Mr Nabih Berri and Mr Walid Jumblatt. The two other Christian officer-ministers are politically insignificant.

Gen Aoun insists that there can be no compromise with the rival administration in West Beirut and its Sunni Muslim acting Prime Minister, Dr al-Hoss.

The General, now consolidating his position, represents a formidable obstacle to Syria. Last week he sank his differences with the powerful and defiant Christian militia, the Lebanese Forces. Together, the Army and militia would be herd to defeat militarily.

But he may represent an opportunity too. The Syrians have been looking for someone who can deliver the Christian side in a settlement. At one time, they hoped Gen Aoun would crush the militia by force. He says he will not do that, but he does hope to deliver the militia politically if an agreement can be worked out.

"The Syrian presence in Lebanon cannot be eternal, it has to end, and therefore we have to have an agreement with them," he says. "Even the Lebanese Forces, which manifest a radical opposition to them, must accept this solution, and I think they would."

Gen Aoun and other senior Christian leaders say an agreement has been worked out between him and the Lebanese Forces on a long-term solution to the problem of the militias in the event of a settlement. They would all be incorporated into the regular army as special brigades, allowing the militiamen to retain both jobs and dignity.

If Lebanon is ever to find a saviour, the General might not be as unlikely a figure as he may seem. He is certainly held in high esteem within the army, where his devotion to the flag is unquestioned.

Nor can he be easily dismissed as an Israeli stooge. As a Colonel, he was in charge of Lebanese Army units in West Beirut during the Israeli incursion in August 1982. The Israelis asked him to send his men into Sabra and Shatila in search of Palestinian guerrillas. He refused.

Namibia talks end without agreement

By Michael Holman

TALKS on independence for Namibia and the withdrawal of foreign troops from Angola ended yesterday without agreement, but Angola, Cuba and South Africa agreed to hold further negotiations.

The three governments will be studying a compromise proposed by the US on a timetable for the withdrawal of 50,000 Cuban troops from Angola. Washington is understood to have suggested a two-year period.

Officials involved in the talks said they had made progress towards closing the gap between Pretoria's demand for a seven-month departure, and Angola's offer of three years. Asked whether agreement had been reached on the timetable, the main issue dividing the two sides, Mr Neil van Heerden, leader of the South African delegation, said: "We're not that far."

In a statement after four days of talks in the Congolese capital of Brazzaville the parties said it was their "firm intention to resolve remaining issues."

South Africa yesterday confirmed that President P W Bothe would meet President Mobutu Sese Seko of Zaire tomorrow.

Howe to meet Velayati following Geneva talks

By William Dullforce in Geneva

SIR GEOFFREY HOWE, British Foreign Secretary, will meet Mr Ali Akbar Velayati, his Iranian counterpart, in New York today with the prospect for a normalisation of relations between the two countries apparently much improved after three days of talks between senior officials in Geneva.

Mr Robert Young, head of the Middle Eastern department in the British Foreign Office, left Geneva yesterday for New York to brief Sir Geoffrey on the results of the talks.

The talks, originally scheduled to last only one day, were led by Sir David Miers, assistant undersecretary of state for Middle Eastern Affairs and Mr Mahmoud Vaezi, head of the Iranian Foreign Ministry's West European desk. They were prolonged to work on the diplomatic representation issue, according to a spokesman for the British mission here.

Representation in London and Tehran was reduced to one diplomat last June after an Iranian diplomat was held in the UK for alleged shoplifting and a British diplomat in Iran was beaten up by revolutionary guards.

Britain had earlier insisted that normal relations could be resumed only if the safety of its diplomats in Tehran was guaranteed and if there was complete reciprocity in the number and rank of diplomats in the two capitals.

No decisions have been taken in Geneva, according to the mission spokesman.

Philippines trust officials resign

TWO OF the three top executives in a Philippines trust set up to privatise assets controlled or foreclosed by government banks have resigned, claimiog the body has lost credibility following changes in government policy mid-way through important sales negotiations, writes Richard Gourlay in Manila.

The resignations of Mr Leopoldo de Guzman and Mr Manuel Lim, at the top of the government's Asset Privatisation Trust are the latest hlow to a key economic programme.

Privatisation was supposed to sbow that the present government accepts it bas no place in husiness, in contrast to the former government.

Timbuktu learns to live with drought

Nicholas Woodsworth tells of success stories in a desert city that was once a port

AT the turn of the nineteenth century the Scottish explorer Mungo Park set out for the city of his dreams: Timbuktu. He never arrived. Most of his party perished during the overland trek from tbe Atlantic coast to the River Niger. He and the remainder were no luckier; they were hacked to pieces by hostile trihesmen while sailing down the river.

Park at least had the right idea. At the time, reaching Timbuktu by weter was entirely possible. The city was once a bustling port on the banks of the great river loop that skirts the Sahara Desert before turning south to Nigeria and the sea. Even in tbe 1960s river freighters could make their way via canals right into the city.

Anyone tryiog the same thing today would have rougb going. In the last 15 years, one of the worst droughts of the century has hit nine Sahelian countries, stretching from the Cape Verde Islands to land-locked Chad in the beart of tbe continent. One consequence is that Timbuktu in isolated northen Mali has been left high and dry – Niger river traffic now comes no closer than 15 kms to the city.

River transport, however, is the least of people's problems bere. Far more critical to their survival is tbe disruption of the main economic activities of the area: farming and livestock breeding.

No longer do seasonal rains provide the type of annual river flood and ebb that over centuries created a large inland delta rich in alluvial soil and grasslands. Much of this fertile land is now being recleimed by the desert. Twenty years ago rice was grown along a flood plain that extended 25km beyond Timbuktu. Today there is only a 2km band left, and advancing sand dunes are threatening the 700-year-old town itself.

The experience has radically altered many approaches to the problems of drought and desertification.

"We have learned the need to hring a global view to the whole question," says Mr Brah Mahamane, executive secretary of the Inter-state Committee to Fight Sahelian Drought. Set up in 1973, the nine-country body, like many organisations in the Sahel today, has ceased seeing the solutions to desertification in merely technical terms. "You can't design a reforestation programme and ask a man to plant trees when he cannot feed his wife and children," observes Mr Mahamane.

Desertification, Mr Mahamane stresses, is a phenomenon for which man is to a large axtent responsihle. Demographic pressures have led to overgrazing, the destruction of forests for cooking fuel, and the depletion of fragile soils through poor farming management. The answer, he says, is not just a narrow, scientific one; it also lies in adapting traditional economic activities and social structures to a fragile environment.

In Timbuktu, such an integrated approach has done much to allow the population to recuperate from its almost total defeat of four years ago. Multilateral, bilateral, and non-governmental organisations (NGOs) have now developed a wide range of farming and livestock programmes suitable to the new climatic conditions. Eotire villages in the area have rearranged age-old productive systems. "After almost 20 years, people here have realised that drought is no longer a crisis but a normal condition," says Mr Tom Wydevald, an irrigation specialist with Unicef in Timbuktu.

Soma of the local development programmes employ new and imported technology. Others have adapted already well known techniques. Yet a third type of project exploits previously undomesticated sources of plant food. That includes:

● Floating rice cultivation. By nndertaking extensiva dike-building projects, Unicef has been able to reproduce flood-style conditions suitable to rice cultivation along the River Niger's alluvial plain. New rice variaties and transplanting techniques have also improved results.

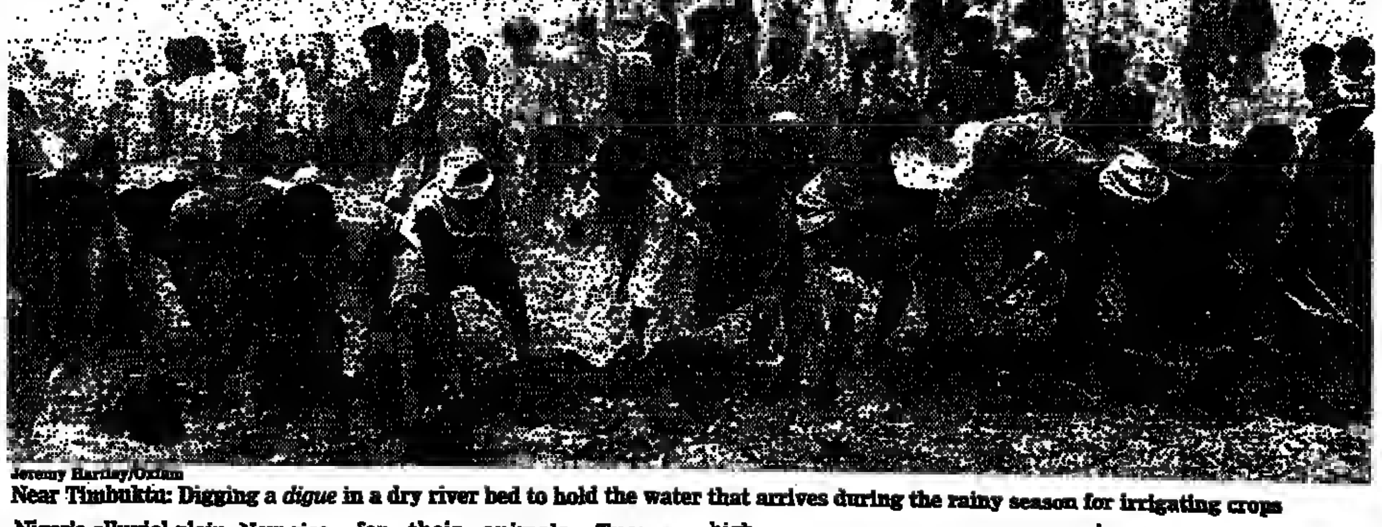
● Livestock fodder cultivation. Most grazing land in the area has disappeared, but the NGO Veterinaires Sans Frontiers has introduced the systematic cultivation of bourgou, an edible aquatic wild plant growing along the banks of the river. With new food sources for their animals, Tuareg groups are rebuilding small livestock herds decimated in the past.

● Motor pump irrigation projects. The UN Development Programme and Capital Development Fund have financed pumping schemes to bring water to large fertile plains no longer irrigated by the annual flood. Although machinery and inputs are expensive, yields are high.

● Solar pump projects. In the arid nomad settlement of Tin Talout, 30km from the river, Unicef has installed a solar pump. In an area that drought has turned into a lunar landscape, sufficient water for market farming is now available.

Along with a number of adult literacy, health, and nutrition programmes, such projects have given this devastated area a new econonomic start.

Four years ago, not one village here produced any food at all. Today all are producing between 50 and 100 per cent of their food requirments. It is unlikely that the Niger River will ever return to Timbuktu. Some measure of confidence and security has, however, already begun flowing back.



Jeremy Hartley/Oxfam

Near Timbuktu: Digging a *digue* in a dry river bed to hold the water that arrives during the rainy season for irrigating crops

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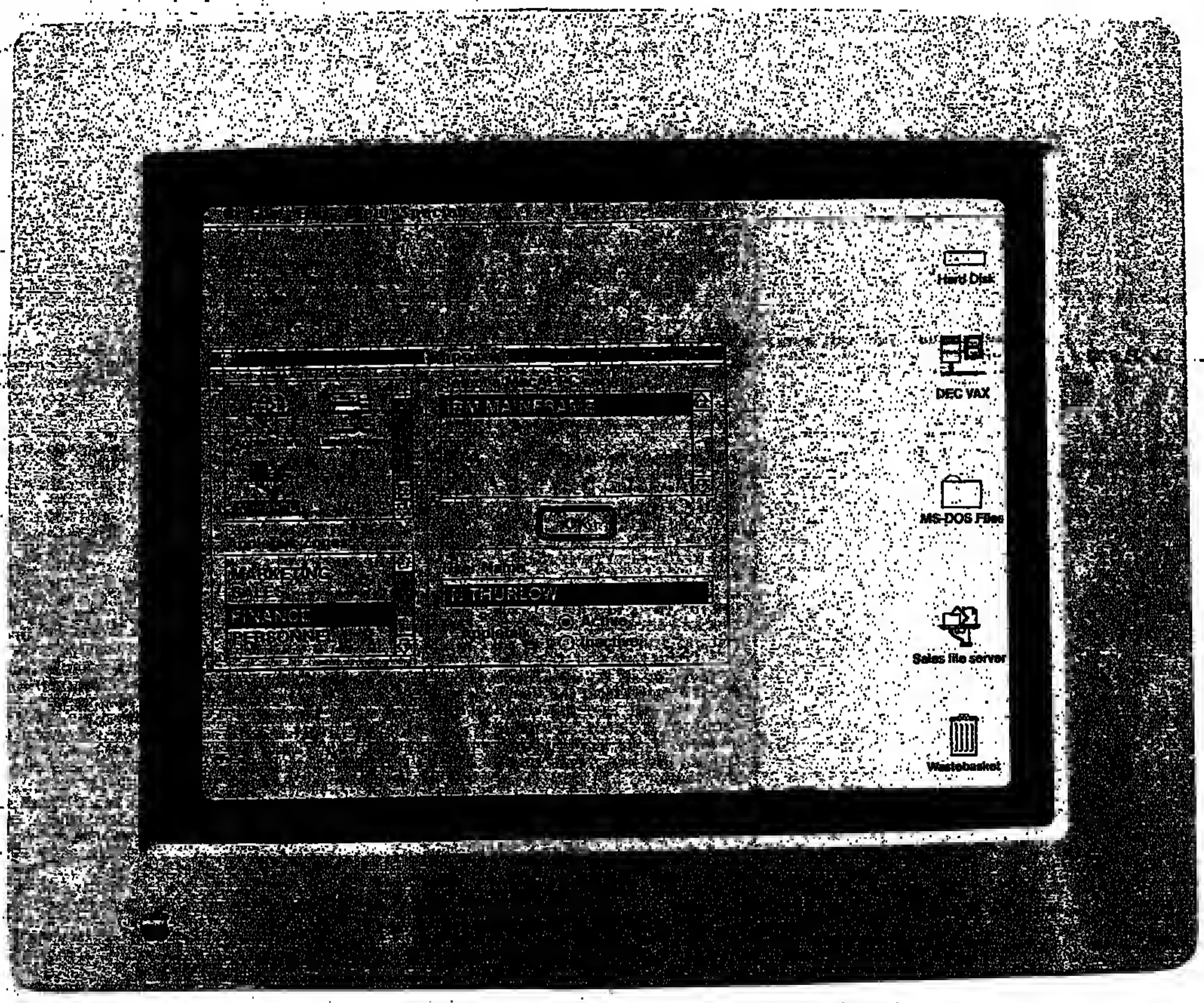

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WORLD TRADE NEWS

Westland offered deal to build helicopters in Egypt

By Tony Walker in Cairo

WESTLAND, the British helicopter maker, is being nrged to drop legal action against the Arab Organisation of Industrialisation in return for a $1bn joint venture in Egypt prodncing a sophisticated multipurpose helicopter.

Lieutenant General Ibrahim al-Orabi, chairman of the organisation and former commander in chief of the Egyptian armed forces, proposes a joint venture to produce the EH101 helicopter, developed by Westland and Agusta of Italy, as a way of overcoming a long-running dispute with the British company. Westland, which was involved in a joint venture with AOI to assemble the Lynx helicopter, began the litigation in 1979 following the withdrawal from AOI of Egypt's former partners – Sandi Arabia, Qatar and the United Arab Emirates. Most Arab states suspended relations with Egypt after it signed the 1979 peace treaty with Israel.

Westland stopped the Lynx project following a statement by the Saudi Defence Minister Prince Sultan Bin Abdel-Aziz that the AOI was being dissolved. However, Egypt passed a special decree to preserve the AOI.

The organisation was established in 1974 with capital of $1.04bn to manufacture defence equipment for the Arab world. The AOI's remaining capital, subscribed by the original partners, of $700m is lodged in blocked European bank accounts.

Westland confirmed yesterday that discussions were taking place with Egypt on a possible deal involving EH Industries, in which Westland and Agusta have an equal shareholding. He confirmed that agreement on a joint venture between EHI and Egypt could lead Westland to drop its £200m claim at the International Chamber of Commerce in Geneva.

The size of the market for the EH101 in Egypt and in the wider Arab world had not yet been clearly established. General Orabi said an added attraction was that Rolls Royce engines for the helicopter could be assembled in Cairo at the Arab British Engine Company in which Rolls Royce is a partner.

He said he would use part of AOI's funds in the blocked European accounts to invest in the EH101 project if EH Industries agreed to participate, and if agreement was reached with Egypt's former AOI partners.

Ministers to review Gatt talks

By Peter Montagnon and William Dullforce

ABOUT 30 leading trade ministers are to meet in Islamabad, Pakistan, this weekend to assess progress in the Uruguay Round of multilateral trade negotiations ahead of the official mid-term review planned by the General Agreement on Tariffs and Trade (Gatt) for Montreal in December.

The two-day informal meeting will be attended by Mr Clayton Yeutter, US Trade Representative and Mr Willy de Clercq, EC External Trade Commissioner, as well as trade ministers from many industrial and developing countries. Mr Hajime Tamura, Japan's Trade Minister is not expected to attend because of the illness of Emperor Hirohito.

However, participants warned yesterday against expectations that the gronp could make any negotiating breakthrough ahead of the Montreal meeting. Instead some said that frictions could arise because of the slow progress made by the Gatt in reforming trade in textiles.

The stand-off between the US and Europe over reform in world agriculture is likely to continue right up to the Montreal meeting and there is little chance of progress in Islamabad, trade diplomats say.

However, Mr Mahbub ul Haq, Pakistan's trade minister who will host the Islamabad meeting has already complained publicly about what he called a conspiracy between industrial countries and some developing countries which were trying to stall talks on dismantling the Multi-Fibre Arrangement and incorporating world trade in textiles into normal Gatt rules.

No agenda has been set for the Islambad meeting which could still result in some clear indications of the areas in which progress might be registered at the time of the mid-term review this December.

As far as trade in services, one of the other key Uruguay Round subjects, is concerned much depends on the ability of negotiators to find a way of linking the development aspirations of poorer countries into their proposals for worldwide liberalisation.

Indonesia agrees barter deal with Iran

By John Murray Brown in Jakarta

INDONESIA and Iran have concluded a one year $300m countertrade deal under which the Iranians supply crude oil in exchange for rubber, paper products and tea. Iranian officials said the deal, signed after a visit to Tehran by Mr Soedradjad Djiwandono, Indonesia's junior trade minister, would enable Iran to procure essential Indonesian tropical prodncts hitherto bought through third parties.

Under the accord, Indonesia will take an estimated 13.5m barrels of Iranian crude for its Cilacap refinery in central Java. Cilacap, which uses around 85,000 barrels of crude a day, will still need Saudi Arabian Light, officials said.

Indonesia launched an official countertrade policy in 1982 in limited form that involved Government contracts and still required cash transactions. Contracts worth about $2bn have so far been concluded. Protocols have also been agreed with various Comecon countries including Bulgaria and the Soviet Union, under which Indonesia sells various agricultural products in exchange for light industrial equipment.

This week's accord with Iran however marks the biggest barter deal to date and satisfies Indonesia's need to conserve scarce foreign exchange and diversify markets at a time when it is trying to boost exports outside its oil and gas sector. It follows a trip to Iran last year by trade minister Mr Rachmat Saleh. It was then mooted that Indonesia was keen to offer various products from IPTN, the loss-making aerospace industry.

Nissan row touches a raw nerve

Peter Montagnon on a dispute over local content requirements

THE row between Britain and France over European sales of Nissan cars made in the UK has touched a nerve in international trade politics which experts believe is likely to become increasingly sensitive.

At its heart has been the question of whether France has any legal right to impose unilaterally local content requirements on cars that it imports from abroad. It argued that cars from Nissan's UK plant should be counted against an existing quota on imports of Japanese cars unless their European content is at least 80 per cent.

International rules on local content are generally reckoned to be ill-defined and underdeveloped, but trade officials acknowledge that they are likely to play a growing role in trade disputes of the future because of the wider spread of cross-border investment flows and the rising importance of high-technology industries which draw on a multiplicity of sources for their final products.

Yet the General Agreement on Tariffs and Trade has no specific to define when and whether local content requirements can be used as an instrument of trade policy. The subject is covered vaguely by paragraph five of its Article III which was inserted originally to regulate butter production and ontlaws the practice of establishing quantitative requirements on the production of goods. International convention on how to define where a product originates is also extremely vague.

The European Commission's statement yesterday that Nissan's UK-made cars count as European may well mean that this particular argument goes down in the records as a parochial European squabble. But the international community could still become involved if, as many in the European car industry desire, a similar 80 per cent local content requirement is imposed on imports of Honda and Toyota vehicles from the US.

The basis for the French attempt to curtail imports of Nissan cars has been France's policy of limiting Japanese producers to a 3 per cent share of its home market. This has never been challenged in the courts but European Commission officials believe that such a quota is almost certainly illegal under both Gatt and the EC's own competition rules.

If France's legal position is weak, that of Britain is not necessarily uncontroversial.

The high labour content of cars makes local content extremely difficult to calculate – labour accounts for a large proportion of added-value in the manufacturing process, whereas the intention of countries like Britain which seek to impose local content requirement is that locally-produced components should be used in the manufacture.

The basic yardstick used by the EC to define whether a product is locally-made is that of the Kyoto Convention which it adopted in 1975. This states simply that the last substantial transformation which is economically justifiable should take place locally for a product to count as European, but it makes no reference to specific percentages.

Industrialists, particularly in the high-technology sector, fear that this kind of arbitrary imposition of local content requirements is set to proliferate unless more systematic regulation can be introduced

However the EC has overridden this in the past to introduce a specific 45 per cent by added value and parts on tape-recorders and television sets. More recently it adopted a requirement that 40 per cent of parts used in assembly operations by Japanese companies found dumping in Europe should be of non-Japanese origin if assembled products were to escape dumping penalties as well as directly imported ones.

Like most industrial countries Britain imposes no mandatory local content requirements on foreign companies seeking to set up plants, but in return for government financial assistance to Nissan it did secure from the Japanese company a commitment that its cars would initially contain 60 per cent EC content, rising to 80 per cent in 1991.

For some in the international trade community this already smacks of trade-distorting restriction, imposed not through mandatory requirement but using an unfair carrot of financial subsidy. Moreover the figures of 60 and 80 per cent were largely plucked out of thin air. There is nothing in international practice to confirm that such a specific percentage is required to ensure that a product is made in Europe.

Industrialists, particularly in the high-technology sector, fear that this kind of arbitrary imposition of local content requirements is set to proliferate unless more systematic regulation can be introduced.

In one of the rare cases involving local content, Gatt did force changes in Canada's Foreign Investment Review Act (Fira) as a result of a judgment in 1984. This followed a complaint by the US that its investors were being forced to adopt a local procurement policy in return for authorisation to establish themselves in Canada. Gatt ruled that this had led to discrimination against US manufacturers because no such requirement was imposed on their Canadian counterparts.

Now the subject is set to come up again in the Uruguay Round of multilateral trade liberalisation talks under the heading of Trade Related Investment Measures (Trims). "There will be a need to clarify the relevance of the Fira decision in the light of the Trims negotiations," says Mr Peter Malcolm of the Confederation of British Industry, who has followed the negotiations closely.

Ironically the qnestion of Trims was introduced into the Uruguay Round at the behest of the US largely because it was concerned at investment restrictions frequently imposed by developing countries. A recent example is Pepsi Cola's venture in India where the US company was obliged, among other things, to manufacture concentrate for its soft drinks locally. Elsewhere, however, restrictions are commonplace, particularly on car and computer manufacture in Latin America.

In fact, the question of local content is now turning out to have considerable relevance to industrial countries too. The US, EC and Japan have all singled it out as an item for discussion in the Uruguay Round. Hopes in Geneva are high that new rules may emerge as a result, though for the time being at least the matter is attracting less attention than the more glamorous new issues of trade in services and intellectual property.

Japan digs in for rice fight

By Ian Rodger in Tokyo

JAPAN is digging in for a long and bitter campaign to protect its rice industry.

The message from Tokyo is that if the US wants a fight on rice, it will have a much tougher time than on previous trade issues.

Earlier this month, the US Rice Millers' Association petitioned the US Trade Representative to open negotiations under the new strengthened trade legislation to prise open Japan's rice market. The Trade Representative has to decide whether to do this just a week before the presidential election.

Election or no, leading Japanese politicians are warning the US that this could undermine the entire US-Japan bilateral relationship, including the military links which are crucial to the security of the Far East. "We have just explained to the Japanese people that we had to open the market for beef and citrus and other agricultural products and that we will discuss rice in the Uruguay Round. If we now face a direct demand from the US on rice, we will lose the confidence of the people," a leading member of the ruling Liberal Democratic Party (LDP) said yesterday.

Rice growing is considered a vital part of Japan's rural economy and, to some, part of its cultural and religious heritage. The strength of feeling on the subject is striking. For example, within six days of the RMA resolution, the Japanese parliament unanimously rejected liberalisation.

Yesterday, a Japanese newspaper reported that the US government was seeking an assurance that Japan would permit imports of 300,000 tonnes of rice a year, about 3 per cent of total demand. Within hours, the Government denied that it had received any such demand.

Rice growing is important to the ruling LDP, which depends heavily on rural support. LDP politicians, who had been embarrassed about this connection, are now flaunting it. "If the rice market had to be opened, we would lose confidence in the regions. If the Japan Socialist Party then became the Government, this would have a detrimental effect on relations with the US," the LDP politician said yesterday. The JSP opposes the Japan-US Security Treaty.

Tokyo believes that the US Government, or at least the Reagan administration, understands the sensitivity of the rice issue. Indeed, many US officials believe that it would not only be politically dangerous to pursue it but also counterproductive. They say that even if the market was opened, producers from south-east Asian countries rather than US ones would benefit.

Until recently, the Japanese thought they had an understanding with the US that the issue would not be raised bilaterally, but in the Gatt talks. However, the RMA petition upset them, provoking hardline statements that they would never open the rice market. That in turn put the Trade Representative in a difficult position. If the Japanese were so obdurate, then obviously they had no intention of doing anything in the Gatt negotiations. In that light, it has become more difficult to turn down the RMA petition. To make matters more complicated, Vice President George Bush has backed the petition.

On the basis of past US-Japan trade disputes, the US could well expect the Japanese to give some ground at this point to help the Trade Representative justify refusing the petition. But this time, there is not a hint of conciliation from Tokyo.

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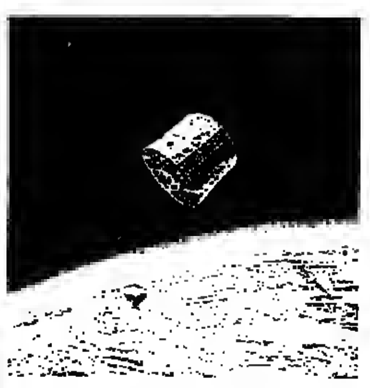

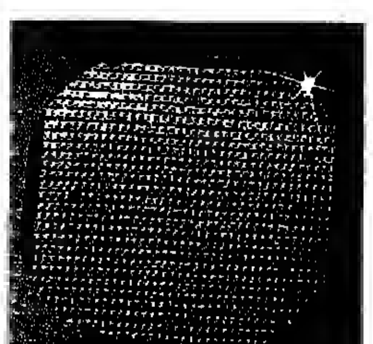

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TVS ENTERTAINMENT

Generating board starts trials with foreign coal

By Maurice Samuelson

THE CENTRAL Electricity Generating Board has begun moving trial shipments of foreign coal to inland power stations as part of its rehearsals for privatisation of the electricity industry.

British Coal is putting a brave face on these activities. CEGB, its main customer, takes nearly 80 per cent of its annual output.

However, officials privately believe that the CEGB is attempting in a less flamboyant way what has already been carried out by the South of Scotland Electricity Board, which has ordered 1m tonnes of foreign coal this year.

The latest port trials are designed to give the CEGB experience of using new supply routes. They are also a thinly veiled warning that if the price was right, foreign coal would be burned in future.

The CEGB expects British Coal to remain by far its biggest supplier. However, private coal traders believe it sees scope to import about 15m tonnes of coal a year once it has been privatised and split up into two competing generating concerns.

Yesterday, the CEGB confirmed that it landed 20,000 tonnes of coal at Newport, South Wales, two weeks ago for delivery to Didcot power station in Oxfordshire.

It is also understood to be planning coal movements to Ironbridge power station, Shropshire, through Liverpool. Last month, Liverpool's Gladstone dock unloaded 20,000 tonnes of coal on the same vessel that brought in the Newport consignment. It was bound for Fiddler's Ferry power station on Merseyside.

The coal was delivered from the CEGB's large stockpile of Australian coal in the Netherlands which is usually used to supply Thames estuary power stations. However, the trials also provide experience of shipping coal directly from Australia and other places without trans-shipping it through the Netherlands.

The CEGB, which burns nearly 80m tonnes of coal a year, currently imports only about 1m tonnes of coal for use by Thames power stations.

Under the joint understanding between the two industries, British Coal already supplies 10m tonnes of coal a year at prices pegged to that of international supplies. The volume reflects the amount which British ports could land from ocean going vessels.

However, this amount could be increased by up to about 30m tonnes a year if various port expansion plans, especially on the east coast of England, come to fruition.

● Britain imported 2.8m tonnes of coal between May and July this year, more than a third more than in the same quarter of 1987, according to the Department of Energy's monthly Energy Trends, published yesterday.

In the same period, British exports of coal fell by 14 per cent to under 500,000 tonnes.

Apart from a widening trade gap, however, the British coal industry turned in a series of good production figures. Total output for the quarter was up 5.1 per cent, with deep mines' production up by 3.8 per cent and opencast pits by 12.8 per cent.

Growth of money in circulation 'above 8%'

By Simon Holberton, Economics Staff

THE NARROW measure of Britain's money supply, M0, continued to accelerate in September and probably grew at an annual rate in excess of 8 per cent, City of London economists said yesterday after analysing the latest weekly banking figures.

The average of a sample of economists' forecasts suggests that M0 will grow by 8.1 per cent in September.

The sample ranges from 7.9 per cent to 8.3 per cent. M0 measures notes and coins in circulation and banks' balances with the Bank of England.

Few economists said they believed that the rise in M0's growth to above 8 per cent means that consumption and economic activity is speeding up.

Economists agreed, however, that the recent rises in interest rates have not yet had an effect on the pace of domestic demand expansion, which shows no sign of moderation.

The Bank of England published its weekly banking return yesterday, which shows the level of bank notes in issue, for the fourth week of September.

Bank notes account for 85 per cent of M0 and analysts can use the measurement of notes in circulation to determine the growth of the monetary aggregate with reasonable accuracy.

In the March budget the Treasury set a target range for M0's growth of 1 to 5 per cent. It has consistently grown outside that range, despite the Treasury's prediction that its growth rate would begin to fall after June.

Bitter pill for big drugs groups to swallow

Copycat makers of generic products are stirring up the industry, writes Peter Marsh

GENERICS (UK), a leading producer of generic copies of branded pharmaceuticals, operates from a series of nondescript buildings next to the railway station at Potters Bar, just north of London.

Only 10 miles further north, Glaxo, Britain's biggest drugs company, is building a gleaming £500m research centre on a 70-acre site on the outskirts of Stevenage.

The companies may be only a short distance away from each other, but they are light years apart when it comes to their operating methods.

Glaxo has a worldwide army of 4,200 researchers who this year will work their way through £300m in the quest for new branded drugs.

Generics' total staff of 100, meanwhile, attempts to capitalise on the research of the big drug groups by selling copies of formulations which are already on the market.

It is all perfectly legal. Generics (UK) – and the 10 or so other big producers of generic medications in Britain – wait for the patents on the branded products to run out and then apply for a licence to produce copies, usually at a significantly lower price.

In recent years the generic drug companies have stirred up a mixture of antipathy and grudging admiration among the mainstream, research-based pharmaceutical companies.

Besides Glaxo, other big UK groups in this business include Imperial Chemical Industries, the country's biggest chemicals group, Beecham and Wellcome.

The smaller companies are resented for eating into the £4bn annual sales of the big groups.

They have, however, also won respect for their aggressive marketing methods, which have led in recent years to a sharp rise in sales of generic drugs. They now account for about 10 per cent of Britain's annual pharmaceutical spending of £1.9bn.

Generics (UK) has been at the forefront of the smaller groups' forays. The company, with annual sales of about £15m, prides itself on its ability to fight the bigger companies.

"We run a tight organisation and work as a team," says Mr Michael Clark, a Generics (UK) director. He recalls toiling through last Christmas Day to tackle the paperwork needed to bring a new generic product onto the market as quickly as possible.

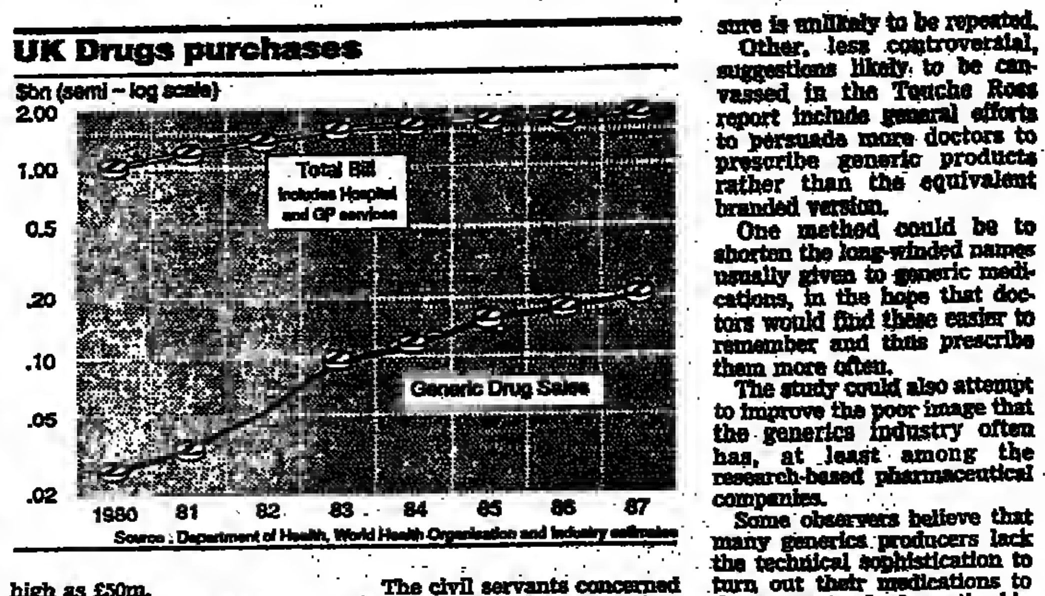
Sitting uneasily in the middle of the struggle is the Health Department.

In the pharmaceuticals field the department has no fewer than three separate roles, the frequently contradictory elements of which can spark off renewed conflicts between the two rival sectors of the industry.

As the paymaster for Britain's drugs spending, the department has a strong interest in promoting the generics industry with a view to holding down costs.

At the same time, however, it has a strategic job in safeguarding the interests of attempting to ensure medications are safe and work as advertised.

Due to the highly complex tests required to check on these points before a drug enters the market, development times for new, branded products may be as long as 12 years, compared to a fraction of this period a decade ago. Development costs for a new drug today can often be as high as £50m.



The longer development cycles inevitably cut into the patent protection afforded to a new product when it eventually goes on sale.

Patents offer protection of a drug for about 20 years, as a European norm, but this protection is also generally taken at the outset of the product's development.

One effect is to intensify the resentment felt by the research-based groups when generics companies bring out copies of a branded drug only a few years after the substance has entered the market.

This can be well before they have had the chance to recoup their high spending on the product, or so the big companies allege.

Six months ago the Health Department asked Touche Ross, the accountancy and management consultant group, to find out how the market for generic medications could be made more effective.

The civil servants concerned with this request knew they were stepping into a minefield. The study's terms of reference are careful to avoid any mention of the effects that increased generics sales could have on the mainstream pharmaceutical industry.

None the less, virtually everyone in the healthcare industry recognises that any efforts to improve the supply of generic medications could well damage the interests of many of the big research-based groups.

One way of increasing generics sales would be for the health department to insist that where there is a choice of certain drugs, the cheaper generic product should be prescribed.

The Health Department introduced a limited version of such a list three years ago, to cries of anguish from the research-based sector. Given the political clout of the mainstream industry, such a measure is unlikely to be repeated.

Other, less controversial, suggestions likely to be canvassed in the Touche Ross report include general efforts to persuade more doctors to prescribe generic products rather than the equivalent branded version.

One method could be to shorten the long-winded names usually given to generic medications, in the hope that doctors would find these easier to remember and thus prescribe them more often.

The study could also attempt to improve the poor image that the generics industry often has, at least among the research-based pharmaceutical companies.

Some observers believe that many generics producers lack the technical sophistication to turn out their medications to the same standards as the big drugs companies – even though the products themselves have the same chemical formula.

The Health Department says, however, that the Touche Ross report contains confidential commercial information and so will probably not be published.

Despite this, the study is likely to touch off a further round of jousting between the two sectors of the drugs industry whose repercussions will be felt beyond Whitehall.

Generics companies often complain that their margins are under heavy pressure due to the extent of the competition in the industry.

Also linked to the often meagre profits of the generics sector are the distribution methods generally used in the business, in which wholesalers grab a large chunk of the sales price for a drug on its way from the supplier to the patient.

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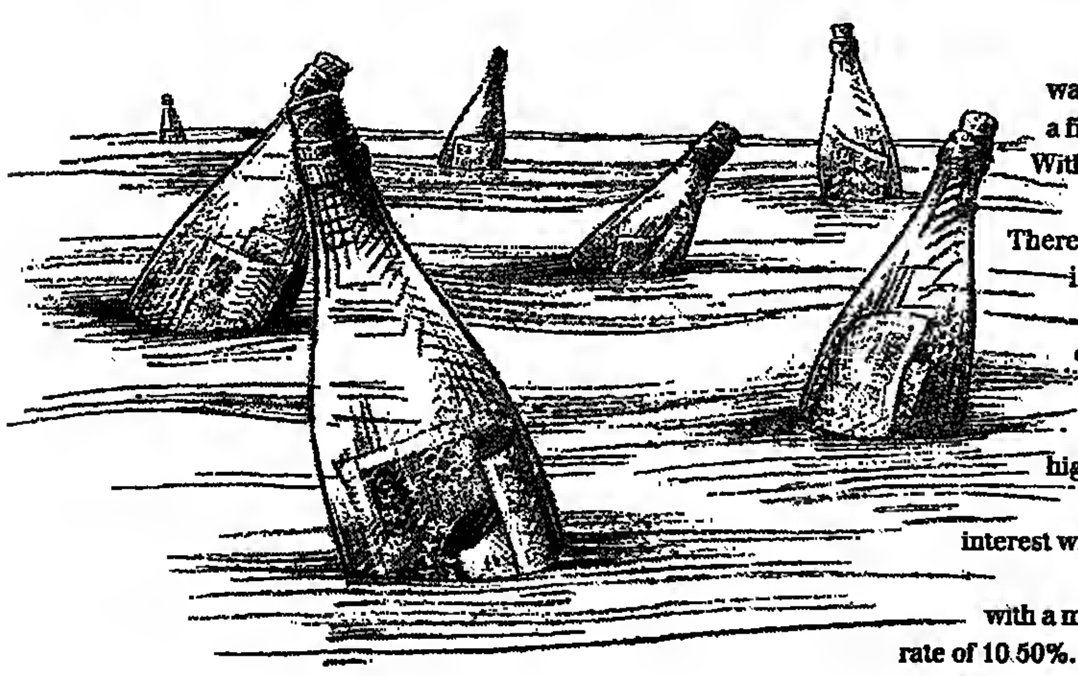

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The deal that snagged a shipyard's lifeline

Kevin Brown charts the course of a business disaster

JUST OVER a year ago, a delegation from British Shipbuilders arrived in Copenhagen for the naming ceremony of the first of a new class of up to 36 small ferries to be built in the UK for Danish owners.

The ceremony was a shambles. The ship was late because of bad weather in the North Sea, most of the guests were drenched by a thunderstorm, and many of the British party went home early.

The party in Copenhagen heralded the beginning of the end for shipbuilding on Wearside, in north-east England – where more than half the world's tonnage was once built – and of the UK's lingering pretensions to being a major shipbuilding nation.

The route to disaster started early in 1986. Mr Peter Zacchi, a Danish naval architect based in Sunderland, approached North East Shipbuilders (NESL), British Shipbuilders' Sunderland subsidiary, with a prospective order for 24 small ferries, with an option for a further 12.

The ferries had been designed by Mr Zacchi for use in the crowded waters around the Danish islands and were regarded by British Shipbuilders as technically sound.

Unusually, however, the terms presented by Mr Zacchi included complete technical and equipment specifications, detailed lists of suppliers and sub-contractors to be used, and specific instructions to the builders – right down to the number of coats of paint to be used.

The deal had another unusual aspect. The first four ships were to be built for a company called Molarco, the next four for VR Shipping, and a third group of four for Scandinavian Auto Transport (later renamed PZ Shipping). The final 12 were to be built for VR Shipping.

All these companies were controlled by Mr Henrik Johansen, a Danish property developer and entrepreneur who planned to operate around half the ships through his own companies, and sell the rest to other Danish owners.

Mr Johansen's idea was to use the ferries to compete with the bigger and more costly state-owned ferries on the trade routes between Scandinavia and West Germany.

In the event only two ships were delivered, to Molarco, both of which are being operated by VR Shipping on routes between Denmark and West Germany. Eleven more were launched, but have never left the Wear, and two more are in the final stages of construction. The remaining nine will almost certainly never be built.

What went wrong? The order was surrounded by controversy even before it was placed. It was signed by Mr Zacchi as an agent for the companies controlled by Mr Johansen but it was never clear how it was to be financed.

There were repeated suggestions in Danish newspapers that it was not viable. British Shipbuilders was even warned against the order by Danish journalists at a stormy press conference announcing the contract but NESL desperately needed the order.

The British shipbuilding company had been formed by the merger of two famous yards – Sunderland Shipbuilders and Austin & Pickersgill – and managers were finding it difficult to merge two fiercely independent workforces.

At the same time, the order book was almost empty. A crane barge and the second of two cargo ships for West Germany were nearing completion; the only other work was two diving support vessels for Stena of Sweden.

To Mr George Parker, then chief executive of NESL, Mr Zacchi's proposals looked like a heaven-sent opportunity to buy time to reorganise. He signed the order in July 1986, with approval from British Shipbuilders' head office.

Less than a year later, and just before the contract began to go publicly wrong, he was removed for failing to merge the two companies to the satisfaction of British Shipbuilders.

Mr Parker was replaced by Mr Bill Scott, a highly regarded manager from Clark Kincaid, British Shipbuilders' engine-building subsidiary, and it was Mr Scott who led the NESL party to Copenhagen for the first naming ceremony.

Meanwhile, Mr John Lister, a former chairman of ICI Fibres, had taken over as chairman of British Shipbuilders in May 1987 and was drawing up plans to staunch the corporation's losses. But it was already too late.

In September last year, Mr Lister met Mr Zacchi and Mr Johansen, and agreed to make a series of modifications to accommodate complaints about the performance of the first ship.

"Everything that could be done to save the contract was done," a British Shipbuilders executive said later. But in October, Mr Johansen refused to accept further ships, citing alleged defects in the first of the series.

This is denied by British Shipbuilders, which says problems were due to the tight specifications in the contract – rusting decks, for example, are the result of Mr Zacchi's insistence that only one coat of paint should be used, the corporation says.

In February this year, British Shipbuilders offered to reschedule stage payments relating to the contract, but declared Mr Johansen in default after receiving no reply.

Two weeks later, after further fruitless negotiations, British Shipbuilders cancelled most of the contracts in an attempt to force Mr Johansen to negotiate if he still wanted the ships.

The result is a legal tangle – two ships retained by the corporation are technically the property of Molarco, and a contract for one ship for VR Shipping remains in force.

The remaining ships are the subject of protracted legal debate.

The collapse of the ferries contract was the final straw for the Government, which resolved to get out of shipbuilding by breaking up British Shipbuilders and privatising or closing its component parts.

NESL, left without orders, has continued to pursue a £100m Cuban order for 10 ships but the contract is dependent on £28m of Government subsidies, which ministers have made clear will not be provided unless the company can be sold to the private sector.

With less than 24 hours left before the deadline for bids, that was looking increasingly unlikely yesterday.

Ministers were quietly sounding out candidates to chair an enterprise board to find new jobs for the workforce.

There is no clear explanation of why British Shipbuilders accepted such a controversial order.

"The yard had more than 3,000 workers and no work. It was just sheer desperation – shit or bust. Unfortunately it turned out to be bust," said one manager.

Time is running out for British Shipbuilders' subsidiary, North East Shipbuilders (Nesl) which is threatened with closure.

No private sector bids for Nesl had been received last night, less than 24 hours before the deadline for offers expires at midday today.

The Government has said Nesl must close unless a viable bid emerges which would allow it to be handed over to a private-sector owner before the end of the year.

Three possible buyers have emerged, and one or more is likely to make formal bids today. They are:

- **A consortium of unnamed businessmen headed by Mr Zacchi, which would resuscitate the ferries contract.**
- **Melton Medes, a Nottingham-based engineering company headed by Mr Nat Puri.**
- **Mr Alex Copson, a London businessman, who has offered to set up a company, Copson Shipbuilding, to take over the yards and build a fleet of waste disposal ships.**

House of Fraser report referred to fraud office

By David Waller

THE Department of Trade and Industry said yesterday that its as yet unpublished report into House of Fraser Holdings had been referred to the Serious Frauds Office.

Lonrho, the international trading group headed by Mr "Tiny" Rowland, yesterday claimed that the the SFO's involvement gave the first real indication of the gravity of the DTI's findings.

DTI inspectors were appointed in April 1987 after a vociferous lobbying campaign by Mr Rowland, chief executive of Lonrho, whose long-standing ambition to control House of Fraser – the stores group which owns Harrods – was frustrated when the Egyptian-born Al Fayed brothers won an agreed £615m bid for the company in 1985.

The 750-page report was completed in July this year and the DTI has never given any indication of its contents. But yesterday Lonrho claimed that the SFO's involvement "highlights the need to refer the Fayed bid for House of Fraser to the Monopolies and Mergers Commission."

This interpretation was challenged by the Al Fayeds. "Given that Lonrho has cried fraud almost every week for the last few years," a statement from House of Fraser read, "and given that Lonrho has been exerting enormous pressure on the Secretary of State (Lord Young) ever since the Inspectors reported to him, it is not in the least surprising that a careful Secretary of State should seek the views of the Serious Frauds Office.

"We have never been concerned by his (Mr Rowland's) attacks and we are not concerned at this latest development."

The SFO first became involved in July and August of this year when the DTI gave it certain, unidentified parts of the report for its consideration. Yesterday, the SFO's involvement was made public for the first time when it said that further time was needed for investigation and consideration of the case.

In view of this, the DTI said that the report could not yet be published, but that it would be "as soon as circumstances permit." It will bear in mind the statutory period of six months for a reference to the MMC, which expires in January next year.

Lonrho's disappointment that the report would not be published immediately was outweighed by its conviction that the inspectors would would come down heavily its favour.

The international trading group first moved on House of Fraser in 1977, and in 1981 was prevented by the MMC from making a full bid. Mr Rowland was angered at the speed with which the Al Fayeds received official clearance for their successful bid – the bid was waved through without a reference to the MMC in just 10 days.

Mr Rowland has persistently alleged that the Al Fayeds lied to the authorities about the source of their wealth and about their backgrounds.

The report was conducted by Mr Philip Heslop, a barrister, and Mr Hugh Aldous, an accountant. Earlier this year, there was much speculation that their findings would be published in August.

Lonrho's shares have risen sharply since the summer and last week it emerged that Mr Asher Edelman, a US corporate raider, had accumulated a near 5 per cent in the company. Over recent days the share price has risen even higher as it emerged that the company had not ruled out a management buyout or assets sales.

City watchdog in deficit

By Eric Short

FIMBRA (the Financial Intermediaries, Managers and Brokers Regulatory Association), the self-regulating organisation responsible for policing small independent investment brokers and intermediaries under Britain's new financial services framework, is £3.4m in the red.

Its report and accounts for the nine months to March 31, 1988, pnblished yesterday, showed that the deficit rose in this period from £1.1m.

Lord Elton, chairman of Fimbra, said the increase was attributable entirely to reduced income received because of the delay in implementing the 1986 Financial Services Act.

Reports that Fimbra was having financial problems emerged two months ago

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	£25,000 and over	8.65%
CAPITAL BONUS	£500-£4,999	8.40%
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	£500-£4,999	8.00%
	£5,000-£9,999	8.60%
	£10,000-£24,999	8.85%
	£25,000 and over	9.10%
	Monthly income rates available from £2,000	
CAPITAL BOND	£1,000 and over	9.00%
INCOME BOND	£2,000 and over	9.00%
INTERNATIONAL ACCOUNT	£1-£9,999	Gross 10.50%
	£10,000-£24,999	Gross 11.00%
	£25,000 and over	Gross 11.50%
	Monthly income on £2,000 and over at the following rates	
	£2,000-£9,999	Gross 10.25%
	£10,000-£24,999	Gross 10.75%
	£25,000 and over	Gross 11.25%
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SLD leader rounds on Thatcher's record

By Charles Hodgson

MR PADDY ASHDOWN, Social and Liberal Democratic party leader, yesterday delighted delegates at the Democrats' conference at Blackpool with a sharp attack on the Government's economic and civil liberties record.

Mr Ashdown also pledged that the new party's "march to power" had begun.

His keynote speech was concentrated on the Government, criticising its handling of the economy and its "narrow nationalism." He accused it of undermining democracy and liberty.

Mr Ashdown avoided direct reference to the Social Democrats and ruled out "compromises or coalitions."

He reserved particular criticism for Mr Nigel Lawson, the Chancellor of the Exchequer, attacking the budget tax cuts and recent sharp rises in interest rates.

He called for an autumn mini-budget that ruled out further tax cuts and reined in personal borrowing.

Mr Ashdown avoided mention of defence, the issue on which past Social Democrat and Liberal policies have most sharply differed.

Failures turned incident into catastrophe

Steven Butler lists a timetable of tragedy on the Piper platform

INTERIM findings by the Department of Energy on the technical causes of the Piper Alpha disaster paint a frightening picture in which a rapid sequence of human and equipment failure in tha end gave those on hoard the stricken oil platform little chance of survival.

Although safety systems were obviously inadequate to deal with the full-blown emergency once it developed, it is more telling that almost every significant safety device failed at each important atage of events, allowing what might have been contained as a serious incident to become a catastrophe, with the loss of 167 lives.

Mr Jim Petrie, who heads the technical inquiry, has put the most likely cause of the initial blast on the platform to failure of the most basic procedures – control room operators were unaware that maintenance was being performed on an injection pump for condensate, a hydrocarbon that condenses during gas production.

The pump's pressure relief valve had been removed and it may have been activated when an alternate pump failed. The injection pump is used to spike condensate into an oil pipeline for export from the platform.

After the initial explosion alamost every emergency system on the platform failed to operate, including the massive dousing pumps that could have flooded the platform with seawater and contained the severity of the fires. Even two lifeboats failed to inflate when platform workers reached points where they could have escaped. They were forced to find other routes into the sea, where calm conditions fortunately aided rescue ettempts.

Most workers on the platform apparently perished, however, when they were unable to escape from the accommodation unit where they had mustered.

The sequence of events came as follows:

■21:40: The sonthwest gas flare on the platform roared larger than normal.

■21:50: Condensate pump trips off with alarm coming up on control room.

■21:54: Condensate pump cannot be restarted.

■21:56: Low-level gas alarms from compressor area sound and two centrifugal compressors trip off.

■21:57: Two further low level gas alarms go off, and a third compressor trips off. A squealing or rushing noise identified as escaping gas heard, followed by a fourth low gas alarm and a high gas alarm.

■21:58: Initial explosion penetrates control room wall, knocking operators off their feet, and leading to failure of main and back-up emergency power systems. Oil pipes believed ruptured. Mayday call issued from the MV Lowland Cavalier, alongside Piper Alpha.

■21:59: Emergency lighting system activates. Oil seen running ontside the main oil line, small fire spotted. A diving decompression chamber door blown off hinges. Emergency lighting comes on.

■22:00: Piper Alpha sends Mayday. No alarms or public address announcements sounded on Piper Alpha at any time, possibly due to system failure. Sprinklers and deluge systems fail to operate. These had been switched on to manual because of diver activity near intake valves, and no attempt is known to beve been made to turn them on. Fire and smoke spreed uninhibited through the platform.

■22:04: Personnel unable to reach emergency lifeboats because of the fire and smoke.

■22.05: Series of small explosions throughout the platform. Radio messages that platform is being ebandoned.

■22:10: Tartan, tbe nearby platform, shnts down gas exports to Piper Alpha after noting rise in pressure, indicating a closure of valves on Piper Alpha.

■22:20: Emergency lighting fails in the accommodation unit.

■22:22: A buge explosion engulfs the entire installation in a firefall, believed to be caused by e blow-back of gas from Tartan as gas lines are ruptured on Piper Alpha.

■22:24: A broker riser is seen pointing down at an angle of 45 degrees and burning "like a torch."

■22:35: West side of the platform deck drops about 30 feet.

■22:52: Violent explosion engulfs rescue craft in a fire ball.

■23:00: Fire seen on surface of the sea 150 metres from the platform. Occidental subsequently instructs depressurising of main gas export line from the MCP 01 platform, 30 miles away. However, rapid depressurisation indicates gas was escaping at Piper Alpha, either because of the failure of an isolation valve or a rupture of the pipeline.

■23:30: Tartan finds no pressure in gas export line to Piper Alpha as it attempts to depressurise, indicating that all had escaped to fuel the fire at Piper Alpha.

■Midnight: Sea reported bubbling with gas.

■00:30: Accommodation block sinks into the sea.

■01:00: Gas erupts and ignites on the surface of the sea and the structure of Piper Alpha collapses.

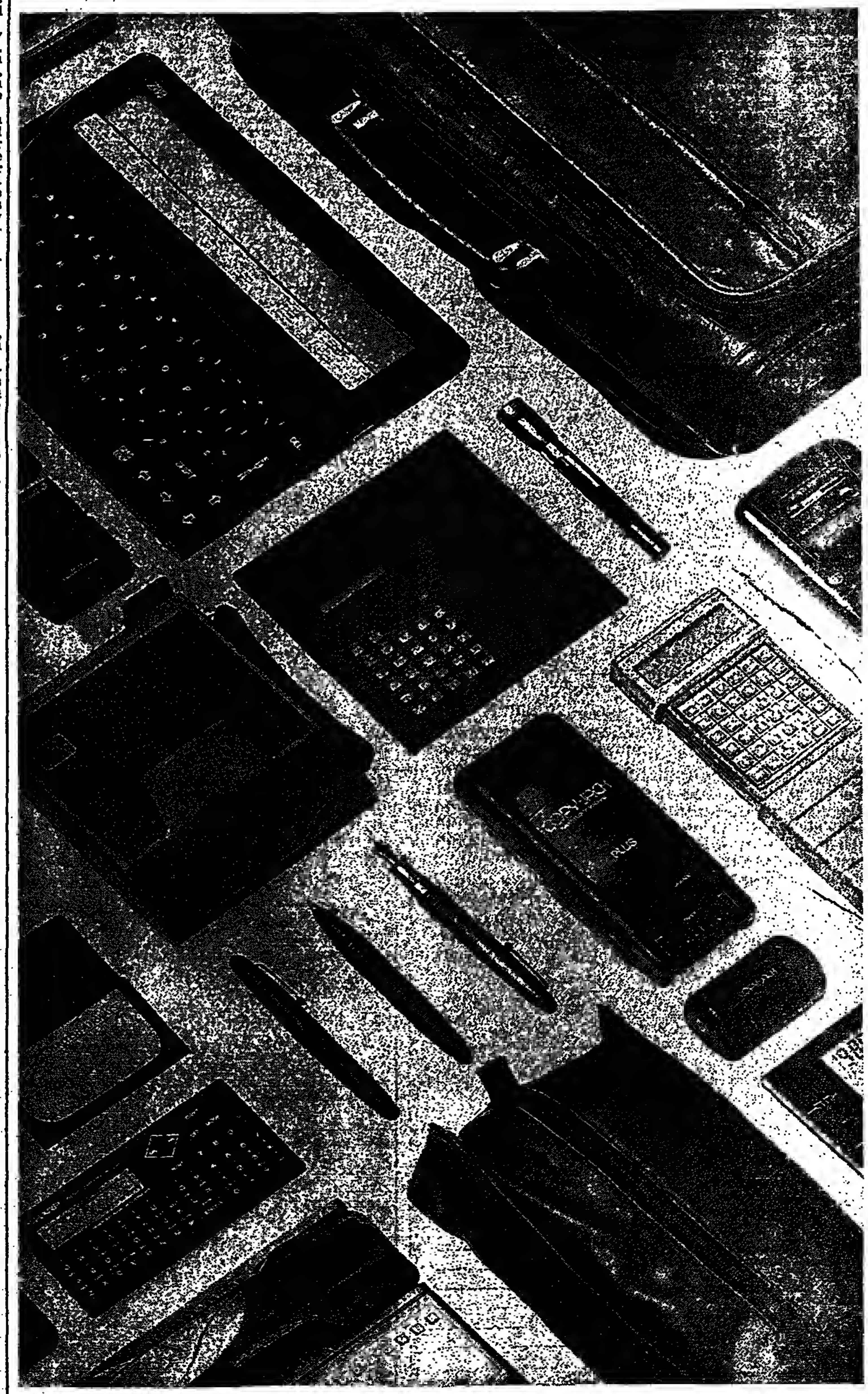
Tbe findings of Mr Petrie's team are recognised as tentative. A number of commissioned studies have yet to be received. Tbe leak from tbe condensate injection pump is put fortb as a preferred theory.

Alternatively, excess liquid condensate in a drum may have carried over into a gas compressor, thereby damaging it and causing a leak. A retrieval of debris from the ocean floor may provide definitive clues.

But regardless of the initial cause of the disaster, it will clearly be the safety systems designed to cope with incidents that come under severe scrutiny.

In a letter to the industry, Mr Petrie has highlighted six areas for urgent attention, including:

1. Permit work systems, which must operate so that supervisory staff are aware of all work in progress and that equipment is pbysically secured.
2. Automatic initiation of fire fighting systems, so that if systems are not automatic there are at least procedures for rapid action.
3. Operability of liferafts must be assured and evacuetion routes must be adequate in emergency, and should possibly be enclosed to provide protection from fire and smoke.
4. Integrity of emergency systes must be protected against damage, witb back-up systems located separately.
5 Venting or other systems to minimise damage in the event of explosions must be reassessed.



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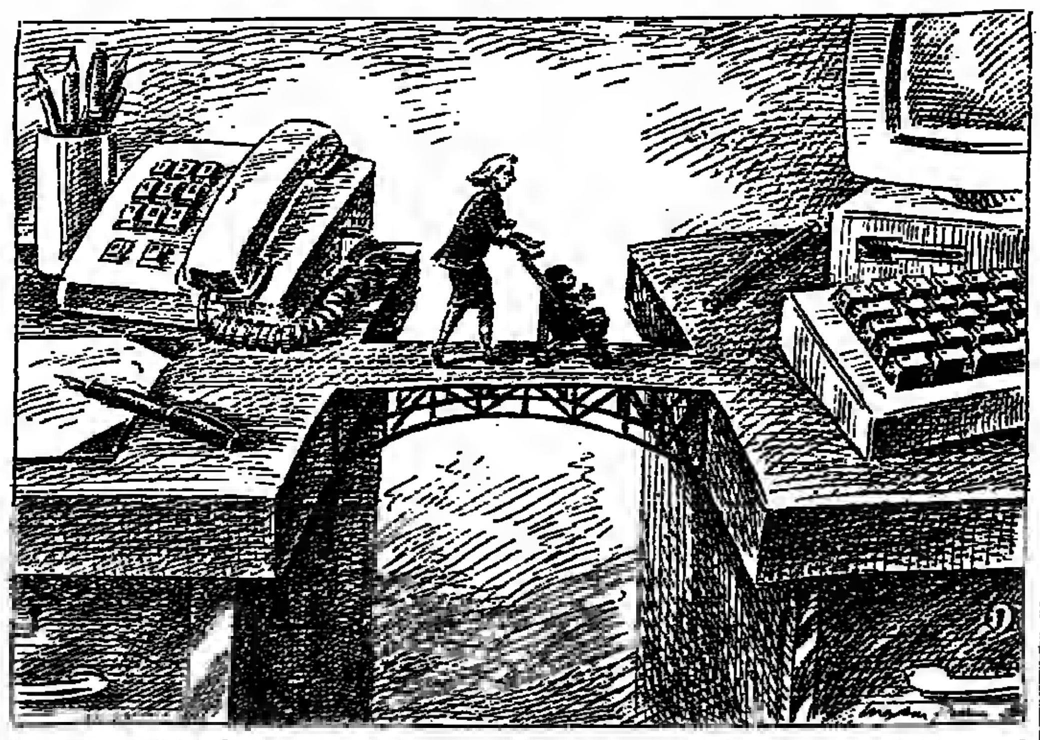
MANAGEMENT

The attraction of mature women

Companies will increasingly need to entice a valuable resource back to work. John Gapper reports



Women have babies. They leave work to bear them, and they often do not return. The number of women proportional to the number of men in any company therefore tends to diminish the more senior the grade. The men remain in charge.

This simple argument has for many years bedevilled the advocates of equal opportunities, enabling any company to argue that the reason why all its senior managers are men is the propensity of women to give birth. In the 1990s, such complacency is likely to go out of fashion.

Market forces are already encouraging employers to rethink their attitudes to women. The fall in the number of young people across Europe is putting pressure on companies to find alternative recruitment sources, and the most obvious target will be women returning to work after having children.

"I think the problem of declining school rolls is going to open up a whole spectrum of equal opportunities. It's just a shame that it took something like this to do it," says Brian Goulshra, group personnel manager at Littlewoods, the British retail chain.

As the problem of skilled labour shortages adds to worries in the south-east region of Britain, employers are thinking hard about the problem. J. Sainsbury, the supermarket chain, believes it will shortly be unable to find many of the 9,000 16- to 19-year-olds it now employs at evenings and weekends.

Labour market projections show that "women returners" will be one of the most fruitful sources of workers for employers who can attract them. The number of working women aged 25 to 44 is expected to rise by 900,000 by 1994, while the labour force as a whole grows by 400,000 less.

There is already evidence that women form a rapidly growing part of the labour market. Training Commission figures show that women workers accounted for 270,000 of the 611,000 growth in the people in work in the year to March. About 141,000 of them were in full-time employment.

The catch – as many employers have found in the past – is that mature women can be harder to attract than the young. The requirement to work full-time, difficulties in returning to work after having children, and the lack of child care facilities either at or outside work, can all alienate working mothers.

A number of employers have taken initiatives targeted at working mothers, which are now attracting interest. The most striking of recent moves has been the setting up of two pilot workplace nursery schemes by Midland Bank at Beckenham in Kent and Sheffield, South Yorkshire.

Care for the under-fives

Mothers in Britain are starting from a weaker position than those in most other European countries. According to a recent European Commission report, Britain is one of the least generous providers of care for the under-fives. There is public provision for just under 1 per cent of them.

Countries such as France, Denmark and the Netherlands make educational provision for between 20 and 30 per cent of their two-year-olds, while Britain makes none. Britain is also behind in putting into practice an EC draft directive that parental leave from work should be available to men and women.

Experiments made by companies have aimed to plug that gap for their employees. A report prepared for the Training Commission two years ago* identified a variety of strategies that companies could use to retain women employees who have babies or attract other women returners.

They were: setting up a workplace nursery; introducing career break schemes to give extended leave; bringing in more flexible working patterns, including part-time work and job sharing; encouraging self-help and counselling groups among women employees; allowing employees to work from home.

Few companies have yet taken the plunge of setting up a workplace nursery, many believing the cost of providing a service for all working mothers to be prohibitive. However, Midland's initiative has stimulated interest, and Lloyds Bank and Sainsbury are both considering the idea.

The Workplace *Nurseries* Campaign, an independent pressure group, estimates the cost of setting up a 24-place nursery at up to £35,000. One company that manages on less is Spencer, a maker of women's foundation wear in Banbury, Oxfordshire. The company estimates that its 20-place nursery costs £17,000 a year.

A more common response has been to bring in a formal career break scheme allowing women (and usually men) to take a break of up to five years from work with a guarantee of a job in a similar grade at the end of that time. Many such schemes have so far been restricted to higher grades.

The large clearing banks, with a majority of women staff, all have career break schemes built on top of statutory maternity leave. Barclays offers two choices to its senior clerical staff with five years' service, satisfactory performance ratings, and a banking qualification if relevant.

They can either take a full break from work for up to two years, or work part-time during that period. If they take a full break, they must agree to work a minimum of two weeks a year to retain their skills. They are sent some staff circulars and invited to events such as Christmas parties.

The importance of keeping contact is emphasised in Confederation of British Industry guidance as the most important factor contributing to the success of such breaks. "We try not to let them feel forgotten," says Susan Field, Barclays' Equal Opportunities Manager.

However, most women taking career breaks from Barclays choose to work part-time. They have to work a minimum of 14 hours a week, and in return are allowed to continue with all the benefits given to full-time staff such as pensions and reduced cost housing loans.

Yet the take-up of the Barclays scheme also illustrates the small scale of many career break schemes. There are currently 80 women on it out of 85,000 employees in the UK, 60 per cent of whom are women. Field says the bank constantly reviews whether to extend it, but it is felt adequate at the moment.

British Gas operates a broader Skills *Retention* Programme under which women are given a series of options over and above the legal right to return to a job after the statutory maternity leave. The first – open to all grades – is to return to work after maternity leave, but on a new working pattern involving part-time working or job sharing.

The second, also open to all grades, is a reservist scheme under which they can take a break of up to five years. Local managers keep in touch with them during that time, and they are sent details of all vacancies. A job is not guaranteed, but they are given preference over outside candidates.

Finally, there is a formal career break scheme guaranteeing a return job, which is open only to women over the grade of clerical supervisor with three years' service. During a break of two years, they must keep up their training. The job they return to may also be in a different place.

However, Sainsbury has just relaxed its traditional requirement of job mobility in an effort to attract and retain more women among the company's 7,000 managers.

Demand for middle of day

Flexibility of shift patterns is a traditional attraction for women of jobs in retailing. John Wykes, personnel director of the retail division of Boots, the pharmaceutical company, says the demand for staff rises in the middle of the day – when many women with children want to work.

Flexible shift patterns can be extended beyond simply part-time working. The British Council allows job sharing among its 1,750 staff. The only requirement is that each of the two sharers must work 36 hours in a two-week period.

It currently has 16 posts operated as job shares, and all 32 occupants are women. The Council also has a career break scheme which is open to all grades offering a guaranteed return to work up to five years after leaving for any of a variety of family responsibilities.

Several companies have established women's discussion groups to advise on employment policy and counsel women considering having children. British Petroleum has established a Women in BP group, which advises on guidelines on parental breaks drawn up two years ago.

Boots has set up a Returners' Network among management staff at its head office. Some companies go beyond that to formal confidence-building measures for women. Littlewoods runs training programmes – for both sexes – to encourage assertiveness in competing for promotion.

Working from home has been one of the least exploited of alternatives, except for companies in sectors such as computing, in which a link with the office is relatively easy to establish. But there is evidence of companies becoming more willing to consider it.

Among eight women on parental breaks in BP companies at the moment, four are not working at all, three are working three days a week, and one is working full-time but splitting her weekly shifts between three days in the office and two at home.

Overall, many companies that have limited schemes are now considering extending them, and others that have not so far taken any of these initiatives are becoming more interested. Yet many remain confined to women in senior grades, or with specialist skills.

As the labour market changes shape, this is also likely to change. Companies will have a strong incentive to find ways of spreading both the number and seniority of women they employ. In the next decade, social ideals are likely to find an ally in business common sense.

**Overcoming The Career Break – A Positive Approach; By Carole Truman; Training Commission Publications, Room W1111, Moorfoot, Sheffield S1 4PQ.*

Management abstracts

Cash flow: FASB opens the floodgates. *J.J. Mahoney and others in Journal of Accountancy (US), May 88 (9 pages)*

Summarises the requirements of a new American accounting standard which replaces the funds flow statement with a cash flow statement based on a rigid structure and classified by operating, investing and financing activities; points out that financial institutions may find compliance difficult but most companies will not.

An outbreak of ethics. *R.E. Berenbeim in Across the Board (US), May 88 (5 pages)*

Sees corporate ethics as a matter of increasing and widespread interest in US business, with ethical consultancy emerging as a "cottage industry" – but sees no real sign that ethics are improving, CEOs, generally, being more critical of other organisations' ethics than their own. Examines evidence of the number of promulgated ethical codes (although many fall short of the ideal), but quotes academic opinion that codes do not deter unethical conduct, unless supported by corporate educational programmes. Argues that ethical concern has risen with the shift from a manufacturing to a service economy, with its greater emphasis on competitive edge; suggests that it all comes down to a basic education, through school, family and church.

The manager's role in communicating for results. *S. Long in Business Quarterly (Canada), Spring 88 (5 pages)*

Contends that managers who spend a great deal of time communicating management decisions should think about communications as a management technique rather than as something they just do – thus increasing their ability to influence others. Describes the principal steps/objectives of a management communications framework. This is claimed to help managers make better communications decisions by concentrating on desired outcomes, focusing on the receiver rather than the communicator, deciding what to communicate, how and by whom.

Factory waste: computer-integrated manufacturing. *A. Lawrence in Computing (UK), June 2 88 (2 pages)*

Presents opposing arguments as to the benefits of computer-integrated manufacturing with some of those quoted saying that integration is a waste of time as most machines don't need the ability to communicate with each other, others maintaining that as the technology of engineering expands so does the need for communication with other functions. Quotes as a failure General Motors' quantum leap in manufacturing – especially worrying as GM was the driving force behind the Manufacturing Automation Protocol. Concludes that there is still a lot of interest in CIM, but that it is now realised that automation is not the answer to all the problems.

Information systems in the executive suite. *J. Moad in Datamation (US), May 15 88 (5 pages)*

Claims that it is top management who will be pressing the computer department for new information systems, that they will want them quickly, that they will require better information – not just on-screen versions of the unanalysed reports they already get, and that their use of such systems will have a knock-on effect on other systems. Quotes the views of several executives from, inter alia, Quaker Oats and General Motors on how systems should be designed, the effects they have, and on the need for a champion to make them successful.

Auditing training and development. *B.P. Murphy and R.A. Swanson in Journal of European Industrial Training (UK), Vol 12 No 2 88 (4 pages)*

Suggests that, because it is very expensive to evaluate every training course, it could be beneficial to take a leaf from the accountants' book by conducting a thorough audit of the training function as a whole or of major programmes; spotlights five areas for audit, covering compliance with needs, efficiency and effectiveness, trainee satisfaction/performance and business results; gives examples of each and draws the threads together with an account of a supervisory training audit.

Tough-minded ways to get innovative. *A.E. Pearson in Harvard Business Review (US), May/June 88 (8 pages)*

Blows the trumpet for constant innovation as the basis of market leadership, which starts with a CEO who is totally committed to structuring the organisation to encourage innovative ideas and, when they are found and developed, going for broke in launching them on the market. Quotes numerous examples from the US business scene.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

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VENTURE ECONOMICS

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Until very recently, only those in the upper echelons of the social register ever inherited anything of any real worth. As the heirs of "well-to-do" families they knew what was coming to them, just as they knew what was expected of them.

This wealthy and worldly minority (perhaps 10% of the population) is now about to be superseded by a new, larger and more volatile band of inheritors: today's middle-aged, middle classes.

It is they who are set to become the "nouveau riche" of the 90's and beyond. And they will, in a very real sense, owe it all to their parents.

For it was the post-war generation who first enjoyed widespread home ownership. Now retiring in their millions, they will soon be conferring their wealth upon their already affluent 40 and 50 year old children.

A portentous event when one considers that even a modest estate can now be expected to top the £100,000 mark.

In fact, estimates predict that by 1997, parents passing away will pass on a staggering £24 billion a year. (240% up on current levels.)

Undeniably, the impact of this quiet, yet colossal transfer of wealth will be immense. It will affect

OVER THE NEXT 10 YEARS, MILLIONS OF PEOPLE WILL BE CONFRONTED WITH A UNIQUE PROBLEM.

companies big and small, old and new, progressive and old-fashioned alike. It will doubtless affect you and your company. After all, millions of dutiful sons and daughters will be presented with dauntingly large legacies.

But will they spend, spend, spend? Or will they use their vast discretionary wealth with discretion?

Will they, as some pundits predict, fritter their money away on the likes of fritto misto di pesce and moules à la crème; German fitted kitchens; Milanese designer furniture; winter holidays in St Lucia and summer jaunts to gîtes in the Camargue?

Or will they, as rival experts would have us believe, plough their considerable capital into the City's money markets?

As it is, 1 in 5 adults now hold stocks and shares of one sort or another. 1 in 3 have taken out their own private pension plan. 1 in 10 have decided to invest in private health care. These figures could advance dramatically given sufficient nouveaux inheritors with sufficient financial perspicacity. No area of finance would remain untouched.

Private education, for example, could become a realistic and popular option for legions of middle class families overnight.

Whilst an ever-decreasing retirement age and a less munificent welfare state could bring pension and private health care planning to the front of millions of minds.

The vagaries of luck and fate need not decide your company's eventual response to all this, though. You can start doing something about the matter today, just by thinking ahead.

For forward planning is the only answer. An answer that we at Ernst & Whinney have put into practice for companies of all sizes and complexions. In all probability, your company could benefit from contacting us. After all, without wishing to blow our own trumpet, we do have a wealth of experience.

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TECHNOLOGY

The screw tightens on machine makers

Nick Garnett examines the much tougher demands being made by the US car industry

Can big corporations put the squeeze on their equipment suppliers? Yes, they can; and this is just what is happening to the manufacturers of special production machines for the US auto industry.

Tighter tolerances, heavy warranties, the running of training courses for the car makers' employees, far tougher testing before installation: all these are being thrown at machine makers as requirements they must meet.

This means that machine builders are also being sucked into closer relationships with car makers, taking in both machine design and future component manufacture. The process is known as simultaneous engineering.

"People who do not change or meet these requirements are finished," says Dario Giannetti, sales and marketing vice president for Cross, one of the big three US special machine suppliers. "It is pretty one-sided now. We have no choice but to say yes. It is a lot tougher business than it used to be."

Supplying specialist equipment – such as transfer lines for manufacturing components like engine blocks, cylinder heads, transmission cases and crankshafts – has always been a difficult business. In the past six or seven years a stream of US suppliers has gone under. Barnes failed, Snyder went down, Bendix and LaSalle were merged into Cross. Greenlee went out of business.

This has left three main US suppliers.

Ingersoll is a privately owned company in Rockford, Illinois. With its modern, integrated manufacturing facility, it has taken the lion's share of recent US auto company business.

Lamb has specialised in machines for making cylinder heads and transmission cases and now acts as a separate division of Litton Industries, which took it over last year.

Cross is part of the large but loss-making Cross & Trecker group.

The main change affecting the special equipment makers has come in their relationship with the big three car makers, General Motors, Ford and Chrysler. One of the reasons that Cross's performance was poorer those of than its US competitors was that it lost touch with this development.

"Ingersoll and Lamb saw simultaneous engineering coming," says Giannetti, who has had long experience in the machine supply industry and was brought in by Cross last year to try to rectify the company's marketing position. "Cross thought it was a passing fancy and got excluded."

The company is now making headway again, having received a $25m (£15m) contract for engine lines and put in a bid for a $100m supply job. It has a backlog of smaller orders.

Perhaps Cross should have seen the trend coming, for it is not surprising that car companies want more from their machine builders.

First, there is increasing pressure on suppliers of equipment and components to improve quality and delivery and to reduce costs.

Second, there are good technical reasons why auto makers need simultaneous engineering. For example, it requires more complicated machines to make engines with four valves per cylinder.

Third, car makers have drastically cut their white collar headcounts in recent years, throwing a lot of engineers out of work. This shrinking of their pool of talent has forced them to seek more involvement from machine makers.

Finally, there are new and more flexible machines on the market which encourage car companies to seek more co-operation from the manufacturers of these machines.

Traditionally, the equipment for making large components is the transfer line, a series of connected machining stations. Each station carries out an important task in the building of an engine – drilling a series of holes for example – and then automatically transfers the engine to another machining station.

The advantage of these lines is that they can produce components at a rapid rate. The disadvantage is that they are inflexible if a car company wants to alter the design of the component or make several model variations on the line.

The new flexible machines include head changers. Within seconds, these will exchange one head (s configuration of tools) for another. These head changers allow engine makers to run several different types of engine block through the same transfer line.

Up to the late 1970s, it was normal practice for a car company to put out to tender a large machining equipment project. Machine builders then competed for the tender and one company was selected.

"Now car companies look for four or five quotes then narrow it down to two," says Giannetti. "They use simultaneous engineering in working with those two companies for a couple of months to see what solutions they have. Then, once they have also felt what component prices are on offer, they will choose one vendor and go with him."

The figures involved are considerable; a cylinder block machining system can cost between $40m and $50m.

As vehicle builders tend to make changes in specifications of new components right up to production, simultaneous engineering reduces the likelihood of last-minute and costly changes to the machinery. Since it was introduced – at General Motors this started with the Chevrolet Beretta and Corsica lines – the need to alter transfer lines to account for late changes in component design has been reduced dramatically.

"One car company says that after-order changes have been reduced by 75 per cent," says Giannetti. "That saves huge amounts of money."

Car companies are leaning on equipment makers to offer warranties on machines of up to five years. Machine makers have baulked at that because of the serious physical demands on a machine pumping through up to 150 parts per hour.

Another demand is for guarantees that machines will have at least 85 per cent "up time". But manufacturers protest that it is the way the machines are run by the vehicle builder that largely determines their reliability.

One result of this is that car makers and machine tool suppliers are considering having machine tool company engineers permanently based on the car makers' shop floors. "It's protection for ourselves," says Giannetti.

Tighter tolerances mean that most machine tools now have to be made to a tolerance of half of a thousandth of an inch. To prove that the machine can stay within this throughout its three to five-year life, machine builders have traditionally had to test the machine to one half of that requirement. Now they are being asked for one quarter.

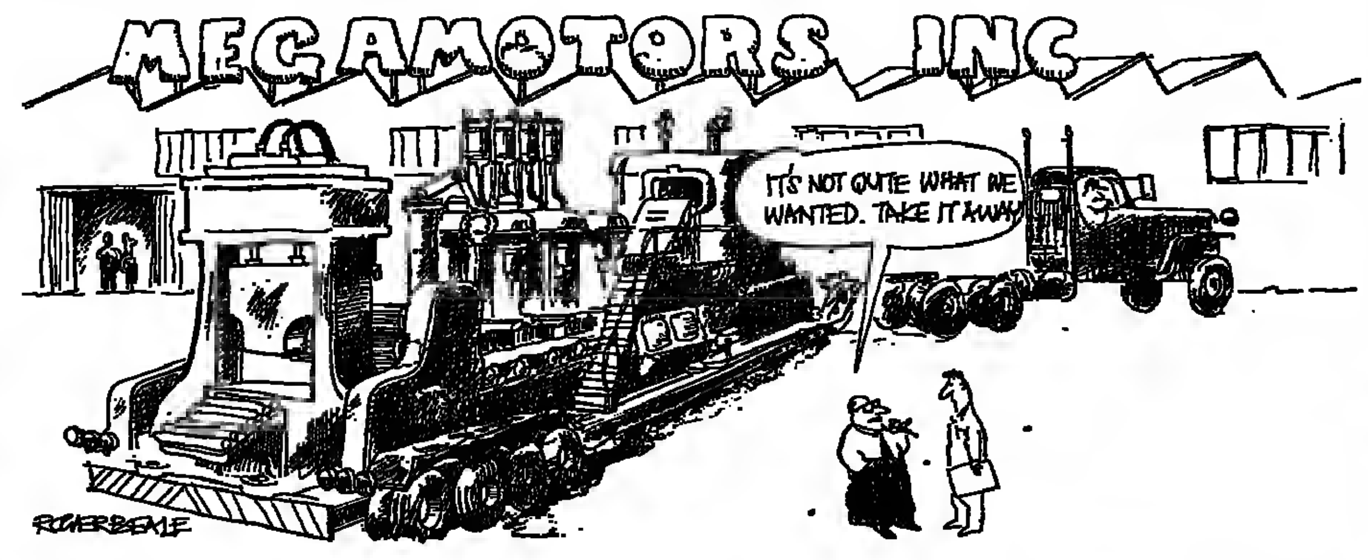
The initial on-costs of all this to machine builders are high. They include them in contract prices, bnt it is difficult to quote accurately both to cover costs and remain competitive.

Giannetti lists a few of these extra costs. Machines are normally set up in the machine builder's factory and tested hy the car maker before being shipped to tbe component assembly plant where further trials are held.

Each of the two sets of acceptance trials takes about 12 weeks. But this is now being stretched to 18 weeks. Machine builders have to cover the financing for that stretched period as they only get paid after completion of acceptance trials – 90 per cent following approval on their own shop floor and 10 per cent when the machine is up and running in the car plant.

Cross estimates that the training packages which machine builders are being asked to provide can cost up to $300,000.

However, there could be long-term benefits for machine builders. They hope these new relationships will force car companies to understand some of the problems they face, in particular the burdensome cycles of feast and famine in demand for machines, which are inflicted on suppliers by the auto industry. They hope a more even ordering curve will come out of this.



PRESSURE on US machine manufacturers is being increased by foreign competition.

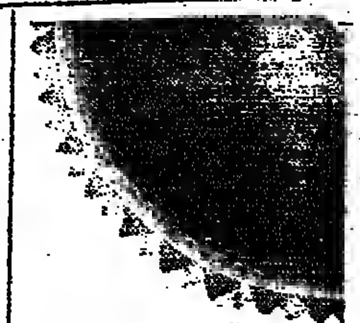
Three European suppliers are dipping a toe into the US market. Hüller-Hille of West Germany has opened a production facility in Troy, Michigan; in charge is Bob Bowen, a former Ingersoll manager. It has already won a contract to supply a cylinder block line for a Chevrolet plant, near Buffalo, and is competing with Cross, of the US, for a transfer line for a new Ford aluminium engine.

Grob, another West German supplier, and Comau, of Italy, are also feeling their way into the North American market.

US equipment makers are also wary about the Japanese, with good reason. Toyoda, the machine tool making arm of Toyota, the Japanese car maker, this month purchased an empty factory at Howell, Michigan, a stone's throw from the big concentration of car making plants in and around Lansing and Flint. The Toyoda facility will make a range of equipment including a hybrid flexible machine which slots into a transfer line.

Toyoda denies that it will sell transfer lines. Cross believes that it will: "Toyoda will be a serious competitor. They will move into transfer lines," says Dario Giannetti, sales and marketing vice-president.

Japanese special machine makers are also piggy-backing into the US auto industry via the extensive partnerships between the two countries' vehicle makers. Refurbishment at one Ford plant, for example, has been contracted out to Mazda – in which Ford has a 25 per cent stake. Japanese machinery going in there includes press equipment from Amino, Komatsu and Ishikawajima.



WORTH WATCHING

Edited by Geoffrey Charlish

A pump for an oil-gas mixture

STOTHERT & Pitt Fluid Engineering, of Bristol in the UK, is offering a system for offshore oil producers that will pump any mixture of gas and oil. This obviates the expense and inconvenience of separating the two at the wellhead and using different pipelines.

The twin screw, multiphase pumping system was developed with Shell, Mobil and BP and supported by a £230,000 Aid for Innovation grant from the Department of Trade and Industry.

Its advantages are that it can improve efficiency in ageing or marginal fields, say the developers. For example, the system can achieve or increase production from wells which cannot normally flow to a gathering centre, and reduce the load on down-hole pumps. It should also enable difficult fields close to existing production facilities to be exploited.

The new pump is available in two sizes: to deliver 55,000 or 80,000 barrels per day.

Beyond the battery

THE FUEL cell, a device in which the chemical energy resulting from the oxidation of a fuel is directly converted into electricity, is an attractive idea which has defied commercialisation due to the high cost of construction.

So far applications have been restricted to military equipment and space travel.

But research continues because these devices produce power from simple fuels on a continuous basis, unlike batteries which either have to be re-charged or become exhausted and need to be disposed of. What is more, fuel cells usually produce effluent that does no harm to the environment.

For example, the Siemens research centre at Erlangen in West Germany has produced one of the biggest fuel cell arrays to date. It oxidises hydrogen to chemically pure water and produces 50 kilowatts of power (the equivalent of 50 one-bar electric fires).

There are no waste heat problems, which is not true of conventional electric generators powered by turbines.

The cells need very little maintenance and have a long service life.

Connections to a special team

SCANVEST Ring Communications, of Norway, is making its digital automatic call distribution (ACD) systems available in the UK, through Digital Distribution of Kingston upon Thames.

ACD systems are used where an incoming flow of calls must be answered by a special team of people. Connected to the company exchange, an ACD unit will try the team's extensions until a free one is found, putting the calls in a queue if necessary. Faster connection of customers reduces the business lost when they hang up in frustration.

Scanvest's DCD 600 is entirely digital and its operation can easily be altered by programming. For example, users can be arranged in groups according to activity, and the groups can be re-arranged by the supervisor, using screen and keyboard.

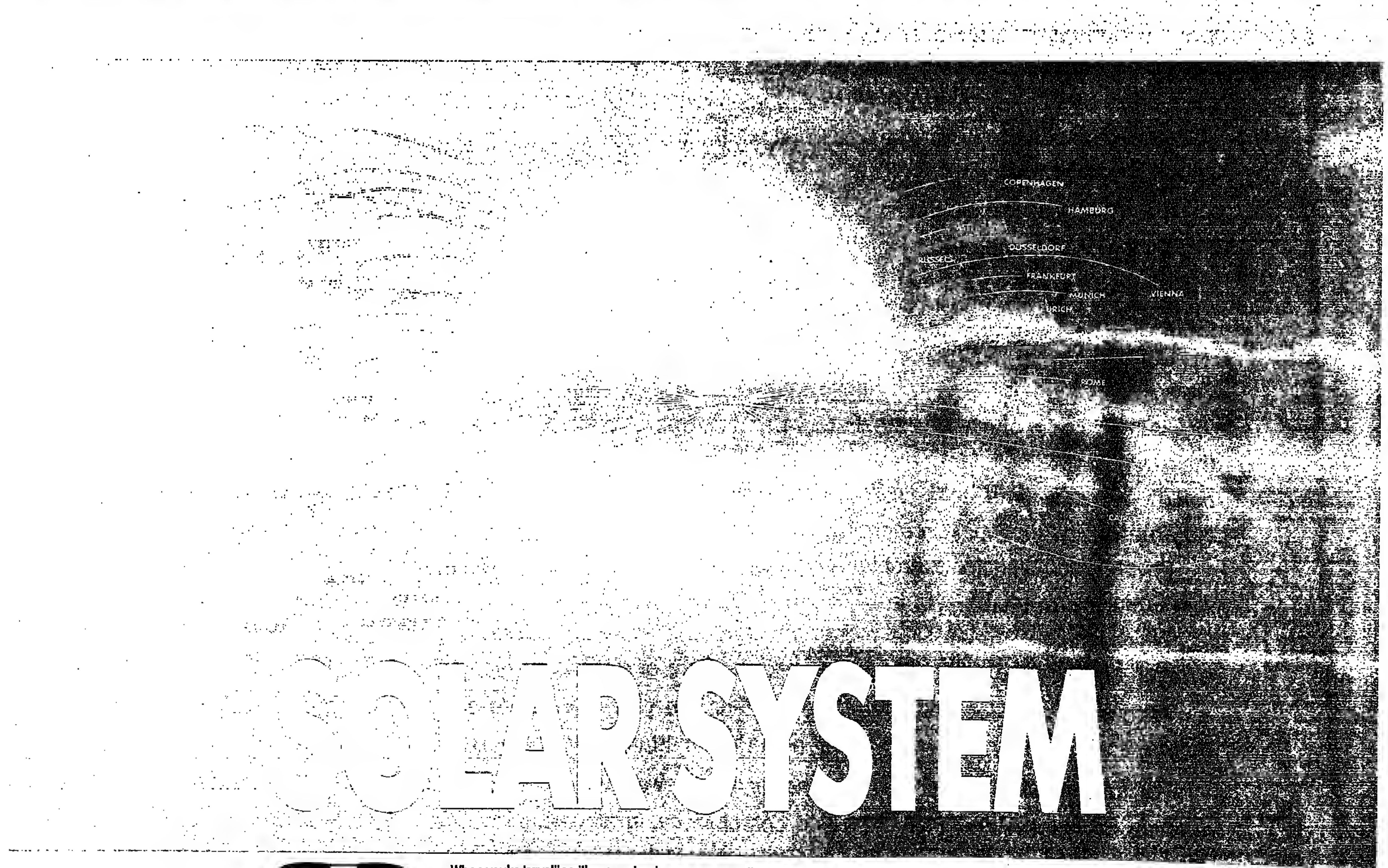
The team's activity can be continuously monitored. Up to 500 users can be accommodated by the modular construction.

A small system, with five incoming and five user lines, costs about £11,000.

Database for manufacturers

BRITISH Telecom's Dialcom subsidiary is to offer publicly an advanced manufacturing database (information store) over the Telecom Gold electronic mail service. It was originally compiled by the IEE (Institution of Electrical Engineers) for members' use.

CONTACTS: Stothert & Pitt: UK, 0272 327011. Siemens: UK office, 0932 752323. Digital Distribution: London, 943 3063. Dialcom: London, 356 5366.



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WARM TO THE EXPERIENCE.

Dear Rupert, If your satellite dish is a dinner plate, you must eat whopping dinners.

ccording to the British Ceramic Manufacturers' Association, the average dinner plate is about 10" across.

According to the makers, the satellite dish needed to receive Rupert Murdoch's Sky channel is 60cm across. Which is 23½".

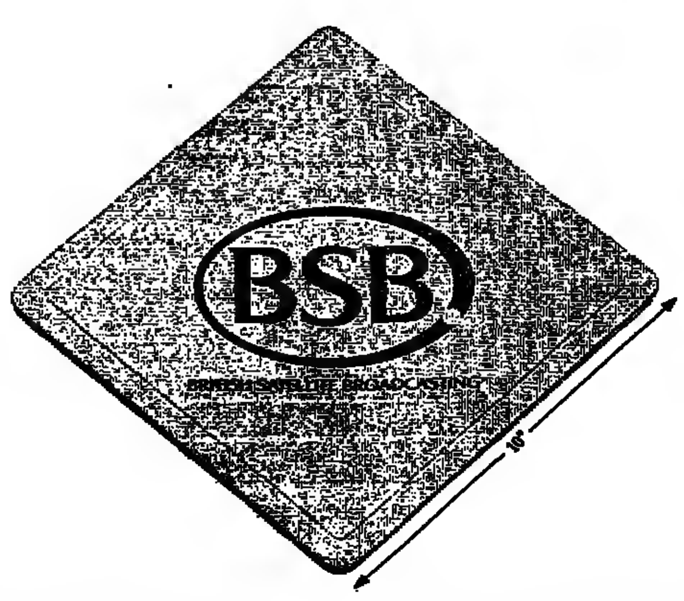
Yet here it is being likened to a dinner plate.

Surely, even in Australia, dinners aren't this whopping?

There's worse. If you live north of Manchester, apparently you'll need a 75cm dish to receive Sky.

North of Aberdeen, you'll need 90cm or more. (And, over 90cm, you'll also need planning permission.)

The reasons are simple: Sky plans to use the Astra satellite which is only medium-powered.



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As you can see, the quote above appeared in the Today newspaper, amongst others.

We trust Mr Murdoch, in his wisdom, has seen fit to put his colleagues straight on this.

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OPERA AND BALLET

London

Royal Opera, Covent Garden: the long-awaited new staging of Wagner's Ring by Yury Lyubimov, conducted by Bernard Haitink, begins at the beginning, with Das Rheingold. James Morris (Wotan), Kenneth Riegel (Loge), and Ekkehard Wlaschiha (Alberich) head the cast. Also in repertory: Turandot, with Gwyneth Jones in the title role, and a lively revival of Elijah Moshinsky's production of Die Entführung aus dem Serail.

English National Opera, Coliseum: The Barber of Seville, an unsuccessful Jonathan Miller production now overhauled, returns with Della Jones's sparkling Rosina at its head: Stephen Barlow conducts. The new production of La Traviata is one of David Pountney's unidiomatic, hectoring excursions into 19th century opera, relieved by Helen Field's very English but touching heroine and fine Verdi conducting from Mark Elder. Similarly unsatisfactory ENO accounts of repertory operas come from the revivals of Carmen and Tosca, though the latter is at least strongly sung by Janice Cairns, Edmund Barham, and Malcolm Donnelly.

Paris

Opéra. Rigoletto conducted by Alain Lombard/Alain Guingal returns to the Palais Garnier after 15 years absence, with Neil Shicoff/Taro Ichihara, Alain Fondary/Mannguerra and Alida Ferrarini/Christine Barbaux. It alternates with Julius Caesar conducted by Jean-Claude Malgoire, a specialist in baroque music. Nicholas Hytner presents a production of remarkable beauty spiced by flashes of irony. The title role is sung by Graham Pushee, Cleopatra by Felicity Lott (bookings47425371, information in 3 languages 47425750).
Palais des Sports. Alvin Ailey and the American Dance Theatre present the Suite Afro-Caraibes for bird with love and revelations. Until Oct 16 (Bookings 48284090; information 48284048).
Théâtre de la Ville. Sankai Juku and choreographer Ushio Amagatsu present, apart from a surprise creation, 20 or 21ostrich eggs standing up "through curiosity" in the rain of sand or water (48875442).

Vienna

State Opera. In repertory: Le Nozze di Figaro conducted by Franz Welser-Most, with Margaret Price, Sylvia McNair, Bernd Weikl, Heinz Zednik (Fri, Mon). L'Italiana in Algeri conducted by Claudio Abbado, with Agnes Baltsa, Patrizia Pace, Ruggero Raimondi, Georg Tichy (Sat). Lucia di Lammermoor conducted by Rico Saccani, with Luciana Serra, Paolo Coni, Richard Burke (Sun, Fri). Simon Boccanegra conducted by Claudio Abbado, with Gabriele Lechner, Anna Gonda, Giuseppe Taddei (Tues). Boris Goudunov conducted by Mark Ermler, with Ludmila Schemtschuk, Rohangiz Yachmi and Noriko Sasaki (Wed). Maria Stuarda by Donizetti, conducted by Ion Marin with Agnes Baltsa, Maria Zampieri, Ana Gonda (Thurs) (51444, ext 2660).
Volksoper. In repertory: Das Land des Lächelns (Fri). Hoffmanns Erzählungen (Sat). Mignon by Thomas (new production), conducted by Ernst Maerzendorfer (Sun, Wed). Tiefland by Eugen d'Albert, conducted by Konrad Leitner (Mon). Die lustige Witwe conducted by Rudolf Bibl (Tues). Madame Pompadour by Leo Fall, conducted by Rudolf Bibl (Thurs) (51444 ext 2662)

Berlin

Deutsche Oper. Los Alamos, specially composed for the Berlin Opera by Marc Neikrug will have its world premiere this week. The cast is led by Angela Denning, William Dooley, Wolfgang Trautwein and conducted by Arturo Ramayo. Katja Kabanowa has fine interpretations by Karan Armstrong, Patricia Johnson, Helga Wisniewska and William Cochran.

Hamburg

Staatsoper. Der Barbier von Sevilla features Janice Hall, Yoko Kawahara and J. Patrick Raftery. Der fliegende Holländer is respectable with Mechtild Gessendorf, Siegmund Nimsgern, Robert Schunk and Harald Stamm. Die Zauberflöte has Hellen Kwon, brilliant as Queen of the Night. La Bohème brings Cristina Rubin, Patricia Wise, Urban Malmberg and Geoffrey Moses together.

Cologne

Opera. Turandot has Olivia Stapp, outstanding in the title role with Hubert Mohler, Dieter Schweikart and Juan Lloveras in other parts. Das Gauklermärchen, the first opera by Gerhard Konzelmann, received controversial reviews on its premiere. Faust in Willy Decker's production, is sung in French with Ulrich Hielscher (Mephistopheles), Robert Bork (Valentin), Josef Protschka (Faust) and Ashley Putnam (Margarete)

Bonn

Opera. Semiramide, newly produced by Pier Luigi Pizzi, stars Cheryl Studer and Kathleen Kuhlmann. Norma is revived with a new cast led by Rosalind Plowright in the title role, Florence Quivar (Adalgisa) and Giorgio Merighi (Pollione).

Frankfurt

Opera. Der Wildschütz features Julie Kaufmann, Ilse Gramatzki and William Workman. John Cage's Europeras 1 & 2 with Michael Shamir, June Card, Anny Schlemm, Seppo Ruohonen and William Workman. William Forsythe's ballet New Sleep-Die Befragungdes. Robert Scott and Skinny rounds off the week.

Milan

Teatro Alla Scala. A co-production by the Ballet National de Marseille and the Berlin Deutsche Oper of Roland Petit's Ballet L'Angelo Azzuro, based on the novel by Heinrich Mann, with music by Marius Constant and scenery by Josef Svoboda. The cast includes Luciano Savignano, Roland Petit, Jeanne-Pierre Aviotte and the singer Molva (now well known outside Italy for her dramatic performance of songs by Kurt Weill) (Tues, Wed, Thurs) (80.91.26).

Turin

Teatro Regio. Last two operas of Wagner's ring cycle produced by Gianfranco de Bosio and designed by Attila Kovacs and Santuzza Cali. Zoltan Pesko conducts Siegfried (Fri) with Ortrun Wenkel, Graham Clark, Gerd Brenneis and Heinz Ecker, and (Sun) Götterdämmerung with Stalla Doz, Reinhild Runkel, Wolfgang Schöne and Camilla Ueberschaer.

Florence

Teatro Communale. Virginio Puecher's production of Verdi's Simon Boccanegra conducted by Myung-Whun Chung, with sets by Raffaele del Savio based on sketches of those used for the 1881 performance at La Scala (done under Verdi's careful supervision). Giorgio Zancanaro sings the title role, with Maria Chiara and Sandra Pacetti alternating as Amelia and Mario Malagnini, Franco Sioli and Bonaldo Giaiotti (Sun and Thurs) (2779236)

Cantu (Como)

Teatro Lux (Como Festival) First performance of the futurist pantomime written by Luigi Pirandello, La Salamand, with music by Massimo Bontempelli and scenery by Enrico Prampolini (the futurist, dadaist, and later surrealist painter, who died in 1956) (Fri). This production will be at Frankfurt at the opening of the book fair on Oct 4 (70.17.59).

ChicagoTokyo

Bolshoi Ballet. Raymonda (Mon, Tues) Tokyo Bunka Kaikan (235 1661)

New York

Metropolitan Opera (Opera House, Lincoln Center). The season opens with a repertory including Julius Caesar, Il Trovatore, Das Rheingold and Lucia di Lammermoor. (362 6000).
New York City Opera (State Theater, Lincoln Center). The week features Jay Reise's Rasputin, which was commissioned by the company, and is conducted by Christopher Keene and directed by Frank Corsaro, with John Cheek in the title role. The week also includes the new production of Rigoletto, conducted by Elio Boncompagni

THEATRE

London

Easy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing (379 5107).
South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair (839 5972).
The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber (839 2244, credit cards 379 6131/240 7200).
Follies (Shaftesbury). Eartha Kitt and Millicent Martin now decorate Mike Ockrent's strong revival of Sondheim's 1971 musical, in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre (379 5399).
Hapgood (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics. Felicity Kendal is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elegant support (836 6404, credit cards 379 6233).
The Admirable Crichton (Haymarket). Rex Harrison and Edward Fox in enjoyable revival of Barrie's imperishable comedy of class barriers and reversals on a desert island (930 9832, CC 379 4444).
Dry Rot (Lyric). Brian Rix returns to the stage after an absence of 12 years in a 1950s farce that prefigures the capture of old England by the spive and opportunists. A genuine classic (437 3686).
The Sneeze (Aldwych). Eight short Chekhov pieces — four vaudevilles, four early stories — translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently funny (836 6404, CC 379 6233).
Sugar Babies (Savoy). Mickey Rooney and Ann Miller repeat Broadway roles and exhibit stamina and star quality in a mixed bag of coarse burlesque sketches (836 8888).

New York

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: a spruced-up stage with new bridges and American scenery distract from the hackneyed pop music and trumped-up, silly plot (586 6510).
Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic. (947 0033).
M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).
Speed-the-Plow (Royale). David Mamet applies his biting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted expose of the film industry (239 6200).
Stranger Here Myself (Public). Angelina Roux performs two decades of Kurt Weill's songs in a one-woman show covering the composer's careers in Berlin, Paris and New York (598-7100).
Phantom of the Opera (Majestic). Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

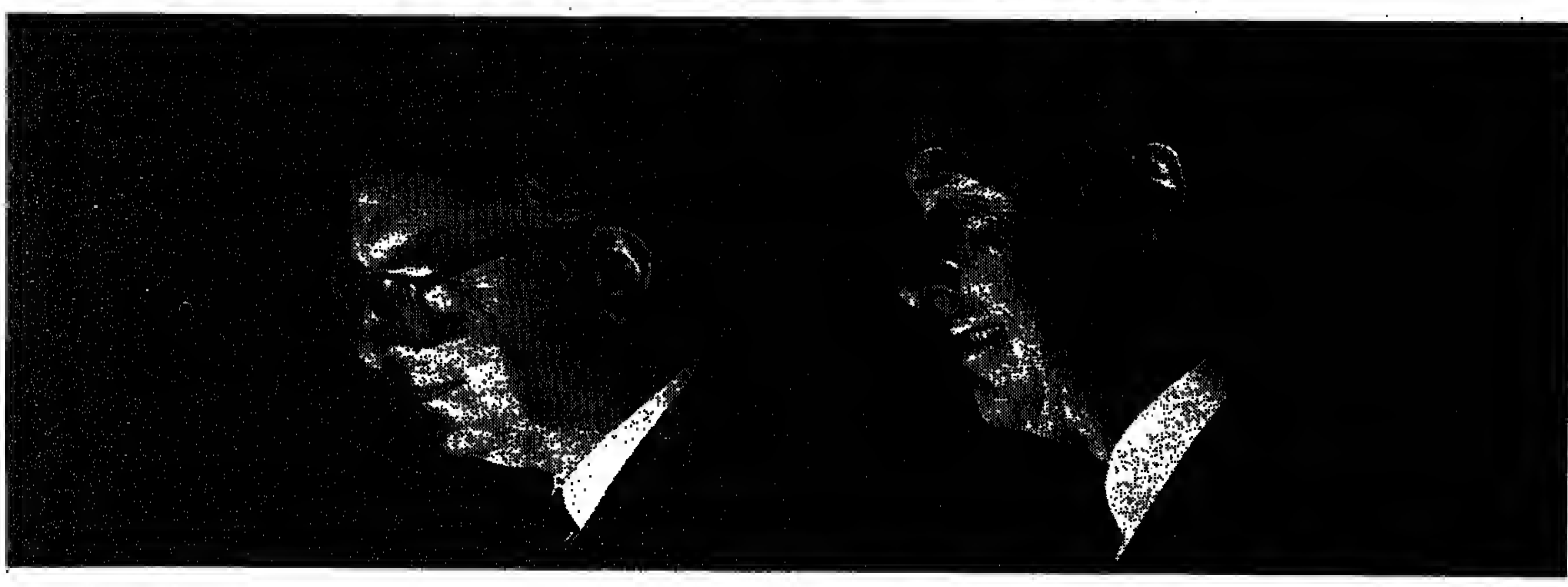
Washington

Sleuth (Eisenhower). Stacy Keach and Maxwell Caulfield star in the mystery pitting a writer against a mild-mannered travel agent who's stolen his wife's affections (254 3670).

Tokyo

Kabuki (Kabuki-za) Performances at 11am and 4.30pm. The morning programme includes Moritsuna Jinya, a play set in an age of civil strife — a popular actor's vehicle, since the role of Moritsuna is considered one of the finest in kabuki. In the afternoon: Kagamiyama Gonichino Iwafuji. This play is based on a scandal that occurred in court shortly before it was written but, in typical kabuki fashion, transposes it to a remoter age. It is noted for its spectacle — scattered bones rising up to form a complete skeleton and a beautiful mansion transformed into a haunted house. Excellent programme and earphone commentary in English. (541 3131).
The Fantasticks. Sunshine Theatre, Ikebukuro. Whimsical Off-Broadway production. Although translated and performed in over 50 countries, this is its first overseas tour with an American company. Ends October 10 (987 5281).
Gorky Theatre, Leningrad, in Chekhov's Uncle Vanya (Tues, Wed), Peter Schaffer's Amadeus (Thurs). Globe Theatre (572 6331).

NEVER
HAS THE PICTURE LOOKED
BRIGHTER



IAN IRVINE, CHAIRMAN

BRUCE GYNGELL, MANAGING DIRECTOR

"I am pleased to announce a healthy increase in both profit before taxation from £5m to £7.8m, an increase of 56%, and turnover from £24.1m to £28.8m, an increase of 20% for the six months ended 31st July 1988. Dividends per share for this period are 1.5p.

Despite the difficulties that we faced in the period, our weekly audience rose by over 1 million to 14.8 million. Our investment in new technology was accelerated and we have almost completed the modernisation of each of our regional studios. By next April we will have one of the largest networks of remote controlled studios in the world.

The ACTT dispute delayed the planned improvements in our programming and meant that we have only recently been in a position to introduce the changes that were originally intended to come into effect at the beginning of the year. Certain of these changes were agreed in consultation with the IBA at the Mid-Term Review in July 1987 and have been the subject of more recent discussions.

We continue to recruit quality staff to meet our programme requirements which, with our improving technology, is giving us greater operational flexibility than ever before. We are confident that our output will further improve with planned changes including increased regional news coverage; the introduction of weekend news bulletins; an expanded Frost programme on Sunday; a 90 minute Saturday sports programme and more educational and regional content in our children's programmes.

The amount of pre-sold advertising air time for the current half year is showing a healthy increase on the same period last year. Your directors are confident that we will continue to develop and be in the forefront of British television in the future."

EXTRACTS FROM THE CHAIRMAN'S STATEMENT.

TV-am
Fresh every morning

The contents of this statement, for which the directors of TV-am plc are solely responsible, have been approved for the purpose of Section 57 of the Financial Services Act 1986 by Arthur Andersen & Co, as an authorised person.

MUSIC

London

Beethoven Plus is a series of concerts between September 18 and December 10 which seek to set the composer's music in the context of his own time. The work of more than 30 of Beethoven's contemporaries will also be featured. Royal Festival Hall, Queen Elizabeth Hall, Purcell Room. (928 3191).
London Philharmonic Orchestra conducted by Louis Fremaux, with Lorraine McAslan (violin). Davis, Bizet, Lalo, Debussy, Ravel. Royal Festival Hall (Fri) (928 3191).
London Philharmonic Orchestra conducted by Kurt Masur. Concert performance of Beethoven's Fidelio, with Eva-Maria Bundschuh, Klaus König, Donald McIntyre. Royal Festival Hall (Sat, Mon) (928 3191).
Royal Philharmonic Orchestra conducted by Erich Leinsdorf, with Emma Johnson (clarinet). Brahms, Mozart, Dvorak. Royal Festival Hall (Sun) (928 3191).
Choir of King's College, Cambridge which will be conducted by Stephen Cleobury. Handel, Bach, Fauré. Barbican Hall (Sun) (638 8891).
City of London Sinfonia directed by Richard Hickox, with Montserrat Caballé (soprano). Mendelssohn, Berlioz, Beethoven. Barbican Hall (Tue) (638 8891).
Royal Philharmonic Orchestra conducted by Erich Leinsdorf, with Barry Tuckwell (horn). Brahms, Mozart, Dvorak. Royal Festival Hall (Tue) (928 3191).
Royal Philharmonic Orchestra conducted by Stuart Bedford, with James Lisney (piano). Glinka, Grieg, Sibelius, Tchaikovsky. Barbican Hall (Wed) (638 8891).BBC Symphony Orchestra conducted by Sir John Pritchard. Concert performance of Schönberg's Moses and Aron. Royal Festival Hall (Wed) (928 3191).
English Chamber Orchestra with Ian Watson (conductor/harpsichord), Jack Brymer (clarinet), José Luis Garcia (violin). Bach, Handel, Mozart, Vivaldi. Barbican Hall (Thur) (638 8891).
Berlin Philharmonic Orchestra conducted by Herbert von Karajan. Schönberg, Brahms. Royal Festival Hall (Thur) (928 3191).
Orchestra of the Age of Enlightenment directed by Gustav Leonhardt, with Anna Bylsma (cello). Haydn, C.P.E. Bach, Mozart. Queen Elizabeth Hall (Thur) (928 3191).

Paris

Moscow Virtuosos with Vladimir Spivakov as conductor and soloist, and the Orfeon Donoftiarra choir. Mozart. Salle Pleyel (Mon) (45638873).
Ensemble Intercontemporain's soloists: Pierre-Laurent Aimard,Irina Kataieva, Alain Neveux (piano). Zimmermann, Barraque. Radio France (Mon) (42301516).
Karlheinz Stockhausen. Chamber music. Opéra Comique (Mon, Tue, Wed) (42961220).
Berlin Philharmonic Orchestra conducted by Herbert von Karajan.Schönberg, Brahms. Théâtre des Champs Elysées (Wed) (47208637).
Orchestre de Paris conducted by James Conlon. Mahler (6th symphony). Salle Pleyel (Wed, Thur) (45630796).
Marie-Claire Alain (organ), young soloists conducted by Rachid Safir. Bach, Buxtehude, Grunenwald, Alain, Duruflé. Saint-Germain-des-Pres church (Thur) (42301516).
Pierre Amoyal (violin), Anne Queffelec (piano). Schumann,Fauré, Brahms. Musée d'Orsay (thur) (40494978).

Vienna

Wiener Mozart Orchester in historical costume. Mozart. Sofiensaele (Fri, Wed).
Synthesizer Concert with Romayne Wheeler. Tchaikowsky, Gershwin, Joplin, Wheeler. Votivkirche (Fri).
Vienna Philharmonic Orchestra conducted by Leonard Bernstain, with Thomas Hampson (baritone). Mozart, Mahler, Sibelius. Musikverein (Sat).
Wiener Kammerorchester conducted by Herbert Prikopa, with Ernst Ottensamer (clarinet). Mozart. Konzerthaus (Sat, Sun).
Orchestre Philharmonique de Strassbourg conducted by Theodor Guschlbauer, with Jean-Louis Gil (organ). Richard Strauss, Roussel, Saint-Saens. Konzerthaus (Sun).
Berlin Philharmonic Orchestra conducted by Herbert von Karajan. Schönberg, Brahms. Musikverein (Mon).
Alban Berg Quartet and players from the Amadeus Quartet. Brahms, Schubert. Konzerthaus (Mon, Tues).
Vienna Symphony Orchestra conducted by Rafael Fruhbeck de Burgos, with Alicia de Larrocha (piano). Mozart, Tchaikovsky. Musikverein (Wed, Thur).
Kuchl Quartett in Haydn, Beethoven and Mozart. Musikverein (Wed).

Berlin

Berlin Philharmonic Orchestra conducted by Herbert von Karajan, with Fiamma d'Amico (soprano), Lucia Valentini-Terrani (contralto), Jose Carreras (tenor) and John Tomlinson (bass) and the Vienna Singverein. Verdi's Requiem. Philharmonie (Fri, Sun).

Frankfurt

Frankfurt Alte Oper, Orpheus Chamber Orchestra and Heinz Holliger (oboe) and conducting Mozart, Strauss, Ives and Tchaikovsky.
Dietrich Fischer-Dieskau lieder recital with pianist Hartmut Holl. Schumann. Alte Oper (Sun).
Munich Philharmonic Orchestra conducted by Sergiu Celebidache. Berlioz, Schubert and Tchaikovsky. (Tues)

Cremona

Cremona Festival, Teatro Ponchielli. Warsaw Symphony Orchestra will be playing Ravel, Saint-Saens and Beethoven. Violinist Salvatore Accardo both conducts and plays in the concert (Fri) (203070).

Rome

Villa Medici, Eco e Narciso. A series of concerts which is sponsored jointly by Rai's third programme and the Rome daily newspaper, La Repubblica. Bartok's Bagatelle with the pianist Carlo Bruno, and Kurtig's Kafka-Framente for Soprano (Adrienna Csengry) and violin (Andras Keller) (Sat, Sun); Chamber Choir of Milan in A. Gentilucci's Two Airs from Moby Dick for soprano, choir and six instruments (1988), Petrassi'a Mottetti pei la Passione, and Monteverdi's Missa in Illo Tempore, with soprano Victoria Schneider and (Mon) pianist Herbert Henck playing Zimmermann's Abgeschiedenheit (first performance) and Cage's Music of Changes, and (Tues) soprano Luisa Castellani with the Roman Guitar Quartet playing Purcell, Pennisi, Gabrielli and Clementi (6544601).

New York

Cincinnati Symphony conducted by Jesus Lopez-Cobos, with Bella Davidovich (piano). Reger, Chopin, Schumann. Carnegie Hall. (Tue) (247 7800).
New York Philharmonic to be conducted by Zubin Mehta, with Yo-Yon Ma on the cello. Programme includes Dvorak, Bruckner. Avery Fisher Hall, Lincoln Center (Wed) (799 9595).
Dallas Symphony Orchestra conducted by Eduardo Mata conducting, with Vladimir Viardo (piano). Rachmaninov, Stravinsky. Carnegie Hall. (Wed) (247 7800).
Itzhak Perlman, violin recital. Mixed programme. Carnegie Hall. (Thur) (247 7800).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich, with Frederica von Stade (mezzo-soprano). Beethoven, Mozart, Ravel, Franck. Kennedy Center Concert Hall (Thur) (254 3776).

Chicago

chicago Symphony Orchestra conducted by Sir Georg Solti, with Susan Dunn (soprano), Simon Estes (bass). Verdi. Orchestra Hall (Thur) (435 8122).

Tokyo

Alfred Brendel (piano). Schubert. Hitomi Memorial Hall (Mon) (353 2242).
Theo Adam with Rudolf Dunckel (piano). Schubert's Die Winterreise. Suntory Hall (Mon) (235 1651).
Sviatoslav Richter (piano). Hitomi Memorial Hall (Thurs) (235 1616).
Josef Suk Chamber Ensemble. Vivaldi, Telemann, Handel, Dvorak. Casals Hall (Thurs) (291 2525).

Arts Guide continued on Page 17

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CINEMA

Rose-tinted view of Vietnam

The Vietnam war is now open for big movie business. After long silence during the war itself and its immediate aftermath, the door to big-screen treatment of America's greatest military trauma was first inched open ten years ago with *The Deer Hunter* and *Apocalypse Now*. Last year business got into full swing with *Full Metal Jacket*, *Hamburger Hill* and the money-spinning, Oscar-winning *Platoon*. And now we have *Good Morning, Vietnam*, already gobbling up box-office records in America and showing that we can now laugh as well as cry over Vietnam.

And do so in the same film, to boot. Or so hope writer Mitch Markowitz and director Barry Levinson (of *Diner* and *Tin Men*). They have hi-jacked and Hollywoodised a true story: that of American disc jockey Adrian Cronauer, who sent blasts of anarchy and hilarity (at least according to the film) over Forces Radio airwaves in Vietnam in the mid-1960s. Yes, even in the midst of a war whose manpower commitment was soaring horrifically under President Johnson – from 75,000 to 125,000 to 350,000 (the movie hammers out the statistics) – America, we're told, could still boast a sense of humour. Whether such a thing was worth boasting about in the circumstances is another question, but not one the film asks.

As played by American supercomic Robin Williams, Cronauer is a one-man Tet offensive. He is deeply offensive to his military superiors, with his delirious anti-authoritarianism: he jokes on air about everything from the Vietcan (latest line in in-house toiletries, "Pope on a rope") to Gay-Lib to the US military and their encouragement of xenophobic views of the Vietnamese. But though not to the taste of the officer class, Williams-Cronauer goes straight to the tits of the troops, who are seen gathered round their radio sets, laughing their heads off between military engagements.

As for us, we laugh our heads off between the movie's own campaigning traumas, which consist of trying to fit Robin Williams's blue streaks of brilliance into a convincing story.

GOOD MORNING, VIETNAM (15)
Barry Levinson

FAMILY VIEWING (18)
Atom Egoyan

MASQUERADE (18)
Bob Swaim

Once away from the radio mike, where Williams's vocal and verbal prestidigitations are astounding (he makes Kenny Everett seem like a coma victim), the movie and its hero become an embarrassment. Out in the streets, Mr Radio Bad-Mouth suddenly becomes Mr Real-Life Nice Guy. He consorts with the locals, he falls in love with a Vietnamese girl, he has Serious Debates with her Vietcong terrorist brother, and he even – aw shucks – teaches a bunch of Saigon street kids baseball.

So rose-tinted are the movie's glasses by the end that you are begging it to take them off. You cannot see any emotional colours other than sentimentality. It is even hard to distinguish the film's clumsy attempts at irony – "What a wonderful world" sung over a montage of battle footage – from its mawkish glow of sympathy for a persecuted people.

Hollywood has a prodigious record of re-writing history to suit changing market tastes. But does the modern world really want to believe in a babe's-eye-view of the Vietnam war which blurs all distinction between the South and North – they're all just persecuted peasants and nice people – and casts America itself as the villain and aggressor? With $130m dollars earned by the film so far, sadly and apparently it does. *Good Morning, Vietnam* comes in like an iconoclastic lion but goes out, wet, winsome and awash with hindsight liberalism, like a defeated nation's sacrificial lamb.

*

Atom Egoyan's *Family Viewing* is an animal of no recognisable colour. But this astonishing Canadian movie has been going about the 1988 film-festival circuit mauling happy audiences and coaxing yelps of enthusiasm from critics.

Shot on video, it tells a queasy, funny tale in a queasy, funny style. Funny peculiar rather than funny ha-ha: though there are grin giggles too in the story of a teenage boy, Van, who finds life with Dad and Stepmum unbearable – what with their telly-addiction, their monosyllabic conversation and their kinky sex-games in a video-equipped bedroom – and decides to kidnap his Gran from an old people's home. Despite her vegetable state – she cannot talk and stares blankly at the TV all day – she is the only family member he warms to and he wants to make a real home for her. Also floating through the tale is versatile young call-girl Monica, who aids the kidnapping and abets the boy's attempts to leave home.

This dotty family saga is played out like a soap opera scripted by Pirandello. Everyone lives in illusion-land, feeding on dreams and fictions, and video and TV are no longer take-them-or-leave-them leisure facilities but essential life-support systems. *It is* not enough to have the world, you must have non-stop images of the world: it is not enough to have sex, you must see yourself having sex.

Result (suggests Egoyan): people no longer see real life as real life, they recognise it only if processed for them by the image culture. They cannot even recognise their own kin. When Dad visits the old people's home, at the boy's insistence, with a bunch of flowers for Gran, he goes to the wrong bed and gives the flowers to wrong old lady. "Dad," the boy tactfully reminds him, "she was moved out of this room last year."

The movie creates layers of reality and representation, and makes them a rich soil for metaphor. In making his sex-play recordings, Dad is taping over home-video footage of the boy's childhood, carelessly erasing a (to him) unregarded past. And in one scene the burble of an anthropological programme on the TV – "Man alone can contemplate his past and plan his future" – mischievously comments on the characters' compulsion not just to live their lives but to enact and shape and admire them as if creating some cosmic soap opera.

The film is directed by Egoyan with a wonderful deadpan *éclat*. Camerawork is sleek and gnomic, lines of dialogue are exchanged with the mistrustful caution of a prisoner-swap. But the chief miracle of *Family Viewing* is its involving of modern audio-visual techniques not just in the form of the movie but its very theme and content.

*

Nothing remotely so original troubles *Masquerade*. Time: now. Place: Hokum-land. Here we are with the rich set on Long Island, begirt with murders and wills and blackmail and heaven knows what else. When handsome yachting ace Rob Lowe starts courting pretty heiress Meg Tilly ("the richest girl on the East Coast"), we suspect there is more than meets the eye. There might even be more than meets the ear, though the amatory dialogue sets a snappy pace. "You want me to put these on?" asks Tilly of a new pair of black-lace panties on the couple's first bedroom date. "I can't bite them off if you don't," replies Lowe.

And there is more like this. Director Bob Swaim (of *La Balance*) gives a creepy lustre to the early scenes, helped by Dick Wolf's switchbacking script and David Watkin's high-noon-in-the-Hamptons photography. But soon the movie is having a tough time keeping pace with its own ingenuity. Is Miss Tilly's nasty, Lowe-detesting stepfather all he seems? Is Miss T's pining policeman ex-boyfriend planning revenge? Did Lowe himself "plant" a vital piece of evidence at a murder scene? And what about the rat, the propane gas and the exploding yacht? It is hard stuff to follow. You leave this film with your brain in several pieces, and have to spend five minutes in the lobby putting it back together again. The plot twists follow each other with reckless speed, and sometimes reckless disregard for probability. Best to sit back and let the scenery and social shine wash over you, which resemble *The Great Gatsby* stylishly re-pulped for the thriller market.

Nigel Andrews

Robin Williams (centre) in 'Good Morning, Vietnam:' blasts of hilarity over the airwaves

Dry Rot

LYRIC THEATRE

Brian Rix returned to the London stage on Wednesday after an absence of 12 years during which time he has done such dignified things as running MENCAP and chairing the Arts Council's Drama Panel.

I am relieved to be able to report that he drops his trousers and makes a right idiot of himself. He plays Alf Tubbe, a crooked bookie in a toupée of which Charlton Heston, king of toupées, would be proud. Lump, and orange, as Sir Brian's snowy thatch, it sits like a squirrel in a snowdrift while its master pretends to be posh. "Where was you at school?" he quizzes the smooth young secretary Danby (Robert Bathurst). "Harrow" would appear to be a final sort of reply. Rix undaunted, squirrel hopping, counter-punches. "Same 'ere. Whereabahts in 'Arrow?"

Dry Rot was John Chapman's first play and Rix's second big hit, in 1954, at the Whitehall. It is set in a country hotel near a racecourse in the early 1950s. Alf and two sidekicks have descended on a scene of post-War tranquillity to fiddle a race by switching the horses. They plan to nobble the favourite and collect ten grand by backing him to lose.

As a period piece it has boundless fascination. In terms of farce genre, it is a *palpable and rather ingenious* mix of Pinero's *Dandy Dick*, Ben Travers' *Thark*, and the Three Stooges.

Chapman's writing is that of an actor well versed in the arts of plastic mime and climactic lunacy. Christopher Renshaw's production trusts that our collective memory will respond to mention of Bessie Braddock's bloomers, Gordon Richards, and ration coupons. These old Whitehall farces dig deep in the atavistic urges of a theatre-going public for too long ignored.

They touch on a national xenophobia re-charged by the War-time fear of invasion. And they employ the theatrical metaphor of a madhouse to explain away simple eccentricity. The language is puerile and pun-based, with scatty derivations, but the effects are primarily visual.

Renshaw's production captures this superbly, achieving a liquid ensemble perfection in such sequences as the tapping of the wood-panelled set

Other mime set pieces are a riding lesson on the sofa for Nick Wilton as Fred Phipps (Rix played this part in 1954), a typical Derek Royle somersault with unspilt drink as the bemused kidnapped French jockey and, finally, the famous tea sequence in which Derek Griffiths as the spindly, Teddy Boy-ish Flash Harry juggles the cup, sugar lumps, napkin and cream cornet while trying to maintain a carapace of social pretence as a guest way out of his social depth.

At this distance, the farce now assumes a comic resonance in the assault on old values by the new spivs of opportunism. Richard Vernon's snootily unruffled Colonel, whose castle has been *reluctantly let out to rent*, is England under fire. The new age, embodied by Rix, Wilton and Griffiths, is one of feigned accents, fiddles and conspiracy.

Nick Wilton's pretend jockey is passed off, under pressure, as a dwarfish piano tuner. There is no funnier, or more tender, scene on the London stage than the Colonel's wife (Elspet Gray) attempting to explain that dwarfish retreat with a tale of an non-existent piano that has gone missing. Mr Vernon heaves a despondent sigh and accepts his wife's incipient madness as yet one more sign of the times.

Michael Coveney

Harriet Reynolds and Brian Rix

Performance art on tour

Edge 88. Britain's "First International Biennial of Experimental Art" which is now touring the country, was running at various venues in Clerkenwell last week and the performances have been attracting rapt audiences.

Wandering around Clerkenwell, the inner city village with its secret squares, unexpected alleys, bosky churchyards and good pubs is pleasurable enough on a mild autumn evening. To also discover curious installations and obsessive activities along the way makes for a rich and very metropolitan experience.

As well as gallery venues such as Air and the Flaxman Gallery, artists have chosen swimming pools, churches, and diffused offices for their "laboratory" pieces. The installations, using videos, laser, live performance, props and written material, are works on the edges of fine-art practice: on the edges, too, of politics and emotions. Sometimes a cutting edge . . . sometimes a blunt instrument.

Over the years performance art *has tended* to gravitate towards a restricted spectrum of issues and practice. The subject matter (if that is not too defined a term) when it is not introverted and autobiographical is often political, questioning notions of power, ideology and restrictive practices which cannot he satisfactorily explored in object-based art. The means, although claiming to be unfettered and intuitive, can be boringly standardised, or agonisingly self-abusive.

Told by an Idiot, by a Sydney-based performance group at the Flaxman Gallery, explored sexual politics, nationalism and voyeurism with two girls, and the inevitable slide projections, in front of a row of empty chairs. The chairs were filled with water, so that real audience got cold bums – rather than wet pants – while sitting on the concrete perimeter. The performance, if a little glib, was at least snappy and leavened with humour. "Performance can be a deadly serious matter, and the audiences are usually reverential to the point of catatonia."

The subject matter is often political, questioning notions of power, ideology and restrictive practices. The means can be boringly standardised or agonisingly self-abusive

People watching people watching is a constant theme of "experimental art," but the really dubious nature of voyeurism came across very strongly in Zbigneiw Warpechowski's performance, appropriately at the Slaughterhouse.

After drawing a line on the spot-lit back wall, Warpechowski, a Polish poet, painter and performance artist, balanced a *metal rod* between two fingertips and raised his arms, bedecked with leaves, above his head. The horizontal rod and figure shadowed against the vertical line became a crucifixion, and we watched the sweating, moaning Warpechowski suffering on the Tree of life for about 20 agonising minutes. Spectators, (and the basement was packed to overflowing), masked their response under blank faces.

The implications of this (not novel) act of gratuitous suffering in a world of real pain were very distasteful, especially as an earlier visit to Alister MacLennan's continuous performance at the Kingsway Princeton College had been a thought-provoking experience. MacLennan, who lives and teaches in Belfast, had appropriately selected to work in the evening in the disused cells beneath the college, which had once been a prison and the site of an explosion in 1867 in an attempt to free Irish prisoners. The entrance is screened by sacking curtain, and until one's eyes have adjusted to the deep gloom, there is a sensation of real fear and panic.

Within a barbed-wire enclosure, hung at both ends with what appear to be torn flags, MacLennan moves relentlessly up and down, wrapped in deep alienation. The flags are slings *for carrying* some object – a stone, a piece of wood, a dead baby – which he moves from one end of the cage to the other, crushing charred wood and debris underfoot during his inexorable progress.

Most gallery performances depend on an act of complicity which one is not always willing to make. In this piece, one is unquestionably both participant and spectator: it is art on the cutting edge of reality.

Edge 88 is on tour in venues in the North – Manchester, Newcastle, Hull and Sheffield – until end October. Details from AIR 6 and 8 Rosebery Avenue EC1, (Tel: 01-837-5294)

Deanna Petherbridge

Dukas & Messiaen

FESTIVAL HALL

The City of Birmingham Symphony set off the South Bank programme of festivities for the 80th birthday of Olivier Messiaen with the *Turangalila* Symphony on Wednesday. It was a tribute made fittingly handsome by the excitement of the performance, and also by the excellent choice of work to precede it: a rare presentation of the "danced poem" *La Péri* (*given here with its opening* brass fanfare) by Paul Dukas, one of Messiaen's teachers at the Paris Conservatoire.

Dukas was both a strong influence on his pupil and a composer of special distinction, whose tiny corpus of works (he was a morbid perfectionist) excites extreme partisanship. *La Péri* is perhaps his outstanding achievement, one of the most exotic and highly perfumed products of late-Romanticism. The scoring is of extreme sumptuousness, with lines flowing around each other in exquisite Art Nouveau curves and tendrils. Yet beneath the richly lacquered surface is a finely wrought musical structure of the perfect shape and length, holding the ripe harmonic language in a subtle balance. It is a Frenchman's response to the Wagner of *Tristan* and the *Tannhäuser* Venusberg revelries (Paris version): fastidious and ecstatic at the same time.

The guest conductor of the CBSO, Mark Elder, is always at his best tackling a complicated *late-Romantic* work *for large* orchestra. The playing lacked, perhaps, the final degree of tonal "saturation," but the clarity with which both outer and inner parts were defined and the expert control of *momentum made this*, all the same, a wonderfully valuable revival. (Dear Mr Elder, isn't now time to mount Dukas's *Ariane et Barbe-Bleue* at the Coliseum?)

The Messiaen work is in the orchestra's bones – they have performed it with their chief, Simon Rattle, and with the same superb pianist (Peter Donohoe) and ondiste (Cynthia Millar) often enough, and have recently recorded it. The Elder account goes for extremes – of volume, pace (the fifth movement too fast for tidy ensemble), colour contrasts (a more incisive differentiation of percussion strands in the seventh than I've ever before heard), and atmosphere. All that it lacks is a sense of sensual repose in the "Garden of the Sleep of Love," which seemed to go too fast and insufficiently softly. Lots of young people in the audience: is *Turangalila* now *à la mode*?

Max Loppert

'Roots' goes on tour

The National Theatre is to take Arnold Wesker's *Roots* on an eight week regional tour of England and Wales, sponsored by BP. Presented by NT Education and directed by Simon Curtis, it will open at the Alhambra Theatre Studio Bradford on October 25, after five performances in the Cottesloe.

Roots, the second in a trilogy which includes *Chicken Soup With Barley* and *I'm Talking About Jerusalem*, is the twelfth NT Education touring production; others have included *The Caucasian Chalk Circle*, *Macbeth*, *Hamlet*, *The Mother*, *Apart from George*, and *Fanshen*.

EXHIBITIONS

Paris

Carte Musées et Monuments, sold in museums and Metro stations, enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles Palace.

Centre Georges Pompidou. The Fifties, taking over Beaubourg for three months from the ground floor upwards. The postwar creative dynamism of the Fifties is represented by cars, comics, music, cinema, literature, industrial creation and – on the fifth floor – by visual arts. The great figures of Matisse and Picasso open the exhibition with works in black and white: monochromes by Yves Klein and Montana close it. Closed Tue. Ends Oct 17.

Musée d'Orsay. Cézanne, The Early Years (1859-1872). The 63 paintings and 20 drawings and watercolours, already seen in London and on their way to Washington, reveal a hitherto neglected period of the artist's life. Closed Mondays. Ends January 1.

Artcurial. Zao Wou-Ki's retrospective traces the development of an artist formed both by the ancient traditions of Chinese art and by the works of the Impressionists and of Cézanne, Matisse and Picasso. From paintings inspired by landscapes, he moves on to poetical abstracts which, from 1959 onwards, do not have titles, only dates. 9 Ave Matignon. Ends Nov 10.

Picasso Museum. The 17th century Hotel Sale, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. 5 Rue Thorgny. Closed Tuesdays.

Musée de Cluny. Medieval art in Paris. The abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman baths. Now a museum, it houses medieval works of art. In a rotunda of its own is a set of the Lady and the Unicorn mille fleurs tapestries, one of the masterpieces of medieval art. Place Paul-Painlève, Métro Odéon. Closed Tuesdays and lunchtimes.

Grand Palais. Vieira da Silva. After Lisbon, Paris celebrates the 80th birthday of the artist who, while born in Portugal, decided to live and work in France. Some 90 paintings are divided into four groups according to themes: scenographies, memory of *azulejos*, forms and colours as musical partitions, density and transparency of colour.

Galerie d'Art Saint-Honore. Still lives in Dutch and Flemish art in the 17th century. Only the ingrained tradition of painstaking craftsmanship of the time can explain the perfection and the shining mint condition of the paintings assembled by Monica Kruch. 267, Rue Saint-Honore.

Berlin

Time Comparison 1988. Thirteen painters, spanning three generations, present the East German art scene in the 1980's. This exhibition concentrates on figurative painting and portraits. Among the artists are Hampel, Heisig, Ebersbach, Tubke and Libuda. Neues Kunstquartier, Gustav-Meyer-Allee 25. Ends Nov 20.

Bremen

Georg Baselitz, The Motif. Forty pictures by the German expressionist, born in 1939, from his most recent period. Kunsthalle Am Wall 207. Ends Oct 30.

Stuttgart

To celebrate the 85th anniversary of the German Art Association, around 950 works by 280 artists are being displayed in four different museums. There are also works by German and French artists from 1903-1906. The Association is helping young artists by donating DM40,000 (over $20,000) in prize money. Württembergischer Kunstverein: Kunstgebaude am Schlobplatz; Staatsgalerie, Konrad-Adenauer-Str 30-32. Ends Oct 12.

Schleswig

Schleswig Holstein Landsmuseum. 1,000 years of Russian Art. This exhibition celebrates the 1,000th anniversary of the Russian Orthodox Church, taking as its theme the new alliance between church and state. Following its Moscow première in June, opened by Raisa Gorbachev, it has now moved to Schleswig, celebrating the special relations between the German state and Russia. The 453 selected pieces are on loan from 14 different Soviet museums, with the highlight provided by 130 icons from the 13th to the 20th century. Modern painters include Kadinsky, Natalja Gontscharowa and Kasimir Malewitsch. The other major part of the exhibition consists of 170 pieces of gold jewellery. The simple art of 18th century wood reliefs provides an interesting contrast as do the illuminated 13th century books with religious legends, musical notation and illustrations of the Apocalypse. Ends Oct 24.

Vienna

Museum of Modern Art/Museum of the 20th century. Works by Oswald Oberhuber, one of Austria's finest artists. Ends October 28.

The Austrian National Library. The Arab world in Europe. A marvellous collection of letters and other literary items. Ends October 16.

Hermes Villa. Portraits by the fin-de-siecle artists, Gustav Klimt and Emilie Floege. Ends Feb 19.

Secession. Klimt's "Beethoven Frieze" is now back in its rightful and original home in the beautifully restored Secession. Also on exhibition are works by two young Austrian artists, Gustav Damisch, the painter and Willi Kopf, the sculptor. Ends November 9.

Albertina. Exhibition of drawings by Alfred Hrdlicka, considered to be one of Austria's most controversial artists who managed to divide public opinion on plans by the City of Vienna to (finally) build a memorial to those who fought in the resistance during the Second World War. Hrdlicka is best appreciated for his sculpture. He is at present finishing his work on the memorial, which will be sited just across from the Albertina. Ends November 30.

Venice

Palazzo Grassi. The Phoenicians. The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attemps to give a complete picture of this extraordinary people. The exhibition has been given a highly theatrical presentation by the architect Gae Aulenti. In an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulfs a Phoenician wreck. Many of the 1,200 objects displayed are extraordinarily beautiful and the 750 page catalogue, published by Bompiani, is excellent. Until Nov 6.

Rome

Palazzo Venezia. Imago Mariae. Over 100 works, including masterpieces by Gentile da Fabriano, Pinturicchio, Correggio, Giaquinto and Tiepolo, showing the progressive humanisation of the Virgin Mary from the austere figure of the Middle Ages to the gentle and accessible charm of the Renaissance and Baroque portrayals. Ends Oct 4.

Bologna

Pinacoteca Nazionale and Museo Archeologico. Guido Reni (1575-1642). A splendid collection of paintings by the Bolognese mannerist painter, the first to bring the concept of physical beauty into sacred art. His depictions of the Virgin Mary have looks and temperament which recall Thomas Hardy's tragic heroines. The paintings come from major Italian and foreign museums. Until Dec 8.

Martigny

The Gianadda Foundation is showing the second part of treasures on loan from the Sao Paulo Museum. Entitled From Manet to Picasso, it is especially rich in Renoirs, from society portaits and little girls in frothy lace and pink and blue satin, to a fleshy nude. Van Gogh, too, is well represented with his famous Arlesienne and landscapes with tormented trees. There is Cézanne's portrait of his wife, a Tahiti scene by Gauguin, early Picassos and Manet's Marie Lefebvre, riding side saddle all clad in black and looking as seductive as Bonnard's appealing nude or Degas' ballet dancers. Ends Nov 6.

New York

Metropolitan Museum of Art. An exhibition of architecture on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Comfort Tiffany and Arata Isozaki, as well as tha west facade of the Alhambra that dates back to 1580. Ends Jan 8.

Museum of Modern Art. Almost 100 black-and-white prints illustrate Matisse's influence during a 50-year printmaking career that included lithography, drypoint, etching and linoleum cut. Ends Nov 6.

Chicago

Art Institute. The first major retrospective in 30 years of Paul Gauguin includes more than 230 objects and major paintings from all the periods of his exotic and far-flung life. Ends Dec 11.

Tokyo

Tokyo National Museum. Japanese Archaeology: History and Achievements. Over 300 exhibits tracing the history of archaeology in Japan. Begins October 4. Closed Mondays.

Hara Museum of Contemporary Art. Shinagawa. Oil paintings by Tomie Ohtake, who emigrated to Brazil in 1936 and is now regarded as one of Latin America's liveliest abstract artists. This is her first solo exhibition in her native country and has been organised to commemorate the 80th anniversary of the arrival of the first Japanese immigrants in Brazil. Closed Mondays.

National Museum of Western Art. Japonisme. A major exhibition, seen earlier this year at the Grand Palais in Paris, which explores the influence of Japan on the art of the West in the late 19th century. The exhibits range from the straight-forward representstion of Japanese objects, or an added exotic touch in a conventional portrait – such as Monet's depiction of his wife in a red kimono – to copies of Japanese pictures and scenes from Jepanese life. Closed Mondays.

Ueda Gallery, Ginza. New works by Sboichi Ida, regarded as one of Japan's leading contemporary artists. He is best known for his work in paper. Closed Sundays. Ends October 15.

SALEROOM

Record price for coin

The highest price ever paid at an auction in the UK for a coin was established at Sotbeby's yesterday when a gold dinar, dated 77 A.H. (696 AD) sold for £165,000 (near the bottom of its estimate) to a collector in the Middle East.

The coin was minted less than 70 years after the death of the prophet Mohammad and was part of the first truly Islamic coinage created by the Caliph Abd al-Malik. Until then the Arab world had used Byzantine coins with an added Islamic inscription. There had been Islamic coins for four years previously, but this design established a tradition which lasted for 1,200 years.

It carries a strong theological message – "God is One, God is Eternal, He does not beget nor is he begotten" was the main inscription. It thus marked an important challenge to Christian doctrine.

A pair of 19th century French bronze parcel gilt and enamelled busts, 86 cm high, with onyx drapery, one of a Jewish girl, the other of an Arab sheik, sold for £187,000 at Christie's yesterday, comfortably above the high estimate. They were made by Charles-Henri Cordier, around 1870, and were sold by an aristocratic Spanish family.

Cordier caused a sensation in 1848 when, as a young sculptor, be produced a portrait bust of a negro. It marked the start of a romantic interest in exotic peoples from distant lands, and among purchasers of a pair of busts on the same subject was Queen Victoria. *In 1987* Christie's sold a pair for £101,200, establishing a modern interest in Cordier's work.

Other exotic models followed, including Chinese figures, and then this pair. Two on the same theme, with metal rather than onyx, made £96,800 last year, and this high price brought out yesterday's couple, which suggests there is still an unsatisfied demand for these examples of Victorian realism touched with sensitivity.

The Duke of Northumberland was disposing of some spare busts from Alnwick. One, of a boy and a dog by Joseph Gott, was bought in at £16,000, but a marble statue of a shepherd boy sleeping, modelled in 1818 by John Gibson, was at the bottom of its estimate, selling for £52,800.

The second day of the Christie's sale of books owned by the dealers Sotheran of architectural drawings realised £235,147. Lardanchet, a Parisian dealer, paid £14,300, three times the estimate for the first treatise on the design of stage machinery and scenery, by Nicola Sabbattini, printed in Ravenna in 1638.

Antony Thorncroft

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Africa's debt burden

THE FINANCE ministers from the Group of Seven countries deserve one muted cheer for finally endorsing the plan, outlined at the Toronto summit last June, to ease Africa's burden of external debt. But when the modest relief provided is set against the scale of the continent's economic crisis, it is evident that the measures fall far short of what is needed.

The beneficiaries of the plan are 34 low-income countries with $62bn of foreign debt, $43bn of which is owed to official creditors. Lenders will allow their creditors to choose one of three options: a partial write-off of one-third of their debts; lower interest rates; or lengthening of repayment periods. Only those countries whose economic policies are endorsed by the International Monetary Fund will be eligible, and the potential assistance is said to be worth $600m a year. Excluded by virtue of its medium income status is Nigeria, black Africa's largest debtor ($26bn), which is in severe financial difficulties.

That this modest package took so long to put together is a symptom of the reluctance of leading Western governments to grasp the nettle of African debt. Because the bulk of Africa's external obligations is owed to official creditors (unlike Latin America, where the commercial banks have the largest exposure), it is governments and multilateral lending institutions which must play the leading role in resolving the crisis.

Painful reforms

The G7 plan, however, is not radical enough. The extent of the continent's difficulties was made plain at a special session of the United Nations in 1986, and followed up earlier this month. In a report on developments since 1986 Mr Javier Perez de Cuellar, the Secretary General, said that the situation was getting worse despite the adoption by most governments of painful policy reforms backed by the International Monetary Fund and the World Bank. He made clear that unless debt service obligations – estimated at $27bn last year, projected to reach $45bn a year by 1995 – were substantially reduced, and new resources provided, a recovery programme urged on Africa by the West would fail.

The Secretary General points out that per capita income, already at its lowest for nearly two decades, has fallen a further 4.2 per cent in the last two years. The most striking yardstick of decline is the increase in infant and child mortality, likely to total 50m between 1985 and 2000, according to a Unicef forecast.

Purchasing power

Africa's capacity to service its external debt is declining, while the debt itself is increasing, and new resource flows in real terms have been stagnant. Exports are down from a peak of $57bn in 1980 to $32bn in 1986; imports – essential to economic recovery – have fallen from $62bn in 1981 to $32bn in 1986. The World Bank calculates that a typical basket of African exports now buys a third fewer imports than 10 years ago; if oil exports are excluded, the loss in purchasing power climbs to 50 per cent.

Earlier this year the North-South Institute in Ottawa concluded that "most commodity prices," the lowest in real terms for decades, "are unlikely to recover over the short or medium term." This assessment alone underlines the unreality of any creditor strategy – such as that of the G7 – which is based on the assumption that Africa can repay its debt.

No doubt Africa must do more to help itself. Aid could in many cases be more efficiently utilised. Economic reforms under way need to be accompanied by an overhaul of ossified ruling parties. But domestic change, however necessary, is insufficient on its own. The success of those who are willing to move to new policies is fatally compromised by the need to support the Sisyphean burden of debt. What is needed are far stronger measures than now proposed, ranging from debt write-offs to the refinancing on soft terms of debts owed to multilateral banks and agencies. It is not good enough for the G7 countries to propose sticking plaster in a vain attempt to hide the wound: what is needed is decisive action to heal it.

Testing the ozone

MRS THATCHER is not, at first sight, a very plausible convert to the Green tendency. But nor is she one to underestimate the susceptibility of the British public to the sight of dead seals in a polluted North Sea or of toxic waste looking for a British dumping ground. The question, then, is whether the new interest shown by the British Prime Minister in environmental issues represents a durable change of heart or simply a well-timed theft of Mr Paddy Ashdown's clothes before his first speech as leader of the Democrats in Blackpool yesterday.

There is a respectable economic case for spending money on environmental protection. It rests on the need to counteract what economists call external diseconomies, or the additional costs borne by society that are not paid for by individuals or firms as they legitimately pursue their private interests. But here is the rub: the discrepancy between private and social costs that gives rise to pollution and other forms of disamenity has been used to justify the enhanced role accorded to the state in the 20th century – that same state whose regulations Mrs Thatcher has been so anxious to roll back.

Threatened balance

That is not to say that the Prime Minister's speech to the Royal Society this week is wholly at odds with the general thrust of Thatcherism. Even to a neo-conservative the social costs of trade unionism are very modest compared with the threats to the ecological balance that the world now faces; and while a return to the values of 19th century liberalism may erode the power of the labour movement, it clearly has less to offer when it comes to patching up the hole in the ozone layer.

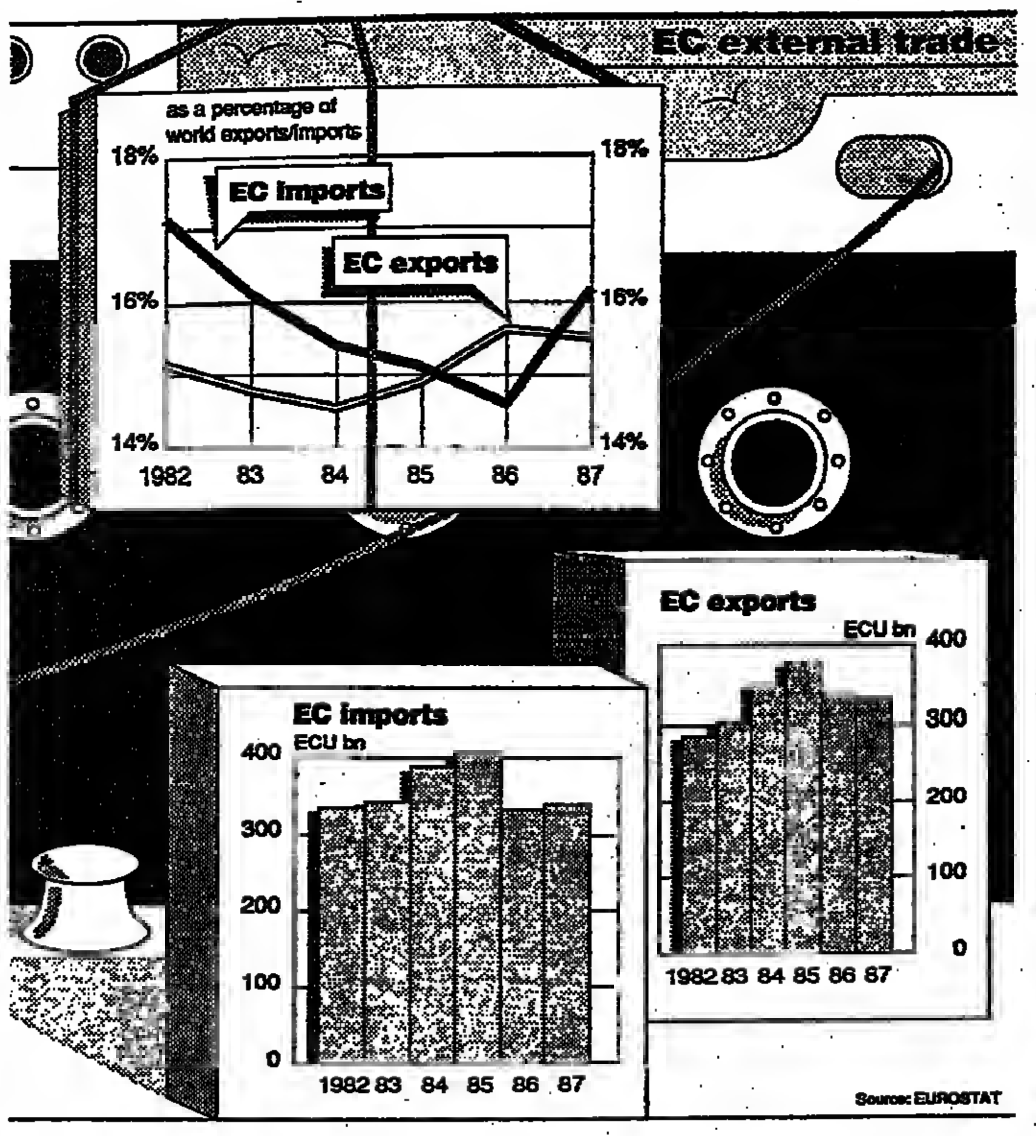
With hindsight the Club of Rome did a great disservice to the environmentalist cause with its doom-laden utterances in the mid-1970s. By failing to grasp the way market forces worked in commodities such as oil, it detracted from its call for co-operative action to cope with other problems that were not amenable to pure market solutions – notably the global heat trap now being created by the use of so-called greenhouse gases.

A climate of opinion was created in which politicians could all too easily adopt a macho approach towards environmental issues, while claiming that the link between sulphurous emissions and stagnant lakes had not been established with sufficient scientific rigour. The conflict between the short term requirement for economic growth and the longer term need for environmental protection was exacerbated by the way national boundaries separated cause and effect.

Three issues

To her credit Mrs Thatcher has now committed herself to the view that the health of the economy and the health of the environment are dependent on each other. But she laid emphasis this week on the need to ensure that policy "is founded on good science to establish cause and effect." Note, too, that the three issues she mentioned – the "greenhouse effect," the hole in the ozone layer and acid rain – are all ones in which policy is hammered out largely in multilateral gatherings, which suggest constraints on rapid change. The enthusiasm of Britain's recent contributions in such gatherings has sometimes reflected a short term view of national interest, not least in the case of the European Community agreement to cut sulphur dioxide emissions.

These issues are fraught with complexity and not a little irony. The key, for example, to tackling global atmospheric pollution lies in a reduction in the amount of fossil fuel that is burned. Mrs Thatcher's credentials as a pro-nuclear campaigner, never in doubt, are thus new-tinged with green. But her powers of persuasion with Third World leaders, who hold the key to the future of the rain forests that mop up carbon dioxide from chemicals such as chlorofluorocarbons, is another matter. An open verdict, as yet, on this new commitment.



Trading places for the future

Peter Montagnon on the war of words over how protectionist the EC will be after 1992

Trade politicians have always been notorious for hypocrisy and doublespeak, but rarely has their propaganda machinery been working at such fever pitch as in the current war of words over whether Europe after 1992 will fall prey to protectionism or become a haven of free trade in an otherwise naughty world.

On one side are countries like the US and Japan which fear the European Community will erect new trade barriers to the outside world as its internal frontiers are dismantled in 1992. On the other are top Commission officials who wince at the mere suggestion.

It is the US with its new trade bill which is the main culprit in pushing the world towards protectionism, they say. The internal market is actually intended to promote liberalisation of world trade, and if the US chooses to suggest otherwise, they add, it is part of a devious attempt to distract attention from the evils inherent in its own trade legislation.

Some time soon, the truth behind these accusations and counter accusations is set to emerge. Early next month, the Commission itself is scheduled to have its first formal discussion of external trade policy after 1992. Gradually thereafter it should begin to become clear whether the outside world really does have grounds for alarm about the many points at issue.

In theory there should be no reason for doubt at all. Not only is the EC wedded by Article 110 of the Treaty of Rome to a charter that obliges it to contribute to the development of a liberal world trading system, trade policy decisions taken by its Council of Ministers are voted on the basis of what is known technically as a "qualified majority". This means in practice that the four countries normally regarded as staunchly liberal in trade philosophy – the UK, Germany, the Netherlands and Denmark – should be able to block any protectionist excesses among the rest of the 12.

Mr Willy de Clercq, External Trade Commissioner, has made it clear on a number of occasions since this summer that the aim of trade policy after 1992 should be to promote further liberalisation of the world trading system. Where trade in goods is concerned, the General Agreement on Tariffs and Trade already has established rules and these will be respected, he says.

Where trade in services is concerned, there are no such rules. The EC does intend to seek reciprocal benefits from its trading partners whose access to European markets will be increased as a result of 1992. But these will later be "multilateralised" through discussions in the Gatt to the benefit of all.

As so often, however, there is a wide gulf between theory and practice. When the idea of the single market was first mooted in a Commission White Paper in 1985, no one in Brussels paid any attention to its trade policy implications, because these were thought to be broadly neutral. Only as implementation of the single market loomed closer, have some far-reaching practical problems come to the fore.

The European marketplace today is peppered with national restrictions on imports of a host of products ranging from paintbrushes and bananas, to textiles, whose trade is strictly regulated under the Multi-Fibre Arrangement, and to Japanese cars, which are virtually excluded from some countries such as Italy but freely admitted into others such as Germany. In a single market without frontier checks such national controls will become unworkable and pressure is growing for a Community-wide set of restraints, which, the outside world fears, might open the door to a slide into organised protectionism.

The outside world fears community restraints will slide into protectionism

Then there are areas such as government procurement where international rules are incomplete. The Gatt code on government procurement, for example, does not cover the key sectors of transport, energy, water supply and telecommunications. That means the EC would be free to impose its own rules on access to these markets for foreign suppliers. Elsewhere there are fears that the EC might introduce new industrial standards designed to disadvantage outsiders.

Finally, the EC is breaking new ground in the services sector, where Gatt as yet has no agreed rules. Officials like Mr de Clercq have warned that Europe cannot simply give away to outsiders the advantage of access to its expanded market in areas like banking and insurance without receiving benefits in return. Quite what benefits remains far from clear, but at the very least the risk is that the EC will end up pre-empting the current Uruguay Round of multilateral trade negotiations.

Recently, as these issues have surfaced, doubts in other countries have grown ever more insistent. Speaking of the areas as yet outside the Gatt, Mr Muneoki Date, Japan's Ambassador to the EC, says: "We are quite ready to co-operate in the Gatt forum, to formulate new international rules but we fear very much that before the outcome of the negotiation is known in the Gatt, the EC will go its way and set its own rules."

Mr Al Kingon, US Ambassador to the EC, adds that concern is growing because of Europe's failure to speak with one voice. While the most senior officials in the Commission are unanimous in debunking the idea that 1992 will lead Europe to erect a protectionist fortress, the message changes as soon as the question surfaces lower down the ranks of the Brussels bureaucracy, in the European Parliament or in industry itself.

Then the emphasis switches to words like reciprocity, transitional arrangements and nurturing industry. "I and my government colleagues back home say,'What do you mean?' And we don't get clear answers," he says.

Europe's continuing inability to give clear assurances to its partners on the external trade policy implications of 1992 owes much to its own failure to develop internal debate soon enough. Privately, some senior Brussels bureaucrats admit to a degree of panic as they realised the importance of the issues still to be addressed.

Of all the issues now facing the Commission, two – car imports from Japan and reciprocity requirements in banking and financial services – have emerged as leading indicators of its stand on trade in the run-up to 1992. Not only are they particularly sensitive in economic and political terms; together they encapsulate many of the underlying worries of the outside world.

With varying degrees of legality under international trade and Community law, Italy, France, Spain, Portugal and the UK all operate restraints on imports of Japanese cars. The Commission would like to see these restraints rolled into a temporary Community-wide quota after 1992 when they would become unenforceable at national level. It sees this as a prelude to phasing out such restraints altogether.

But the European car industry has somewhat different ideas. It would like any new arrangements to include an 80 per cent local content requirement on cars manufactured by Japanese companies either inside the Community, or in countries like the US for export to Europe. If the requirement is not met, then those cars would be included in any import quota. Moreover, the European industry wants to use the negotiations with Japan as a lever to demand access to the Japanese market equivalent to half the market penetration achieved by Japanese firms in Europe.

The case of financial services seems more arcane, but in practice it strikes to the heart of trade policy principles as they have developed since the War. Many in Europe believe that to demand reciprocal access to overseas markets is a reasonable quid pro quo for granting access for outsiders to a liberalised European market.

This simply extends the reciprocity principle long applied by countries such as the UK in issuing licences to foreign banks wishing to set up in their home markets. But along the way the discussion has assumed elements of unusually sharp controversy.

Not only is the UK opposed to this idea because it could effectively allow a country like Greece to block the establishment of Japanese banking subsidiaries in London. The concept has also set alarm bells ringing elsewhere in the world because the concept of reciprocity is as yet ill-defined.

Japan could never guarantee Europe a specific share of its car market

Some countries, such as Italy, claim that reciprocity means insisting on identical treatment. In other words US banks should not be given access to the pan-European market because interstate banking restraints in the US impede nationwide operation by European banks in the US. Others, such as France, have argued that subsidiaries of foreign banks already established in the EC should be denied the right of pan-European operation unless reciprocal access is granted to their home markets.

These notions far surpass what has, up till now, normally been regarded as reasonable. At the extreme they suggest the automatic application of rigid reciprocity criteria that go beyond conventional notions of simple market access. As in the case of cars, the debate reveals strong political pressures within the EC for the 1992 changes to be used to protect European business. In both areas the arguments lead quickly to conclusions which conflict with the basic underlying concepts of the multilateral trading system.

If it adopted these ideas, sceptics say, the Community would become firmly embarked on a course of discriminatory bilateralism in trade from which retaliation could quickly follow to the detriment of all concerned. It would start making demands on trading partners which they could not deliver. Japan could never guarantee European producers a specific share of its own car market. The US could not change its interstate banking laws simply to satisfy the whims of the EC Commission in Brussels.

To free trade bureaucrats within the Commission, this fear of bilateralism is all so much hogwash. Although its trade with third countries accounts for around 15 per cent of all world trade, Europe's internal differences mean it is not strong enough to pursue an aggressive bilateral trade policy, they say.

Yet against the background of much tougher implementation of rules on anti-dumping, it is clear that political and industrial pressures are building up to a point where the EC has already begun to put its own gloss on some of the established international rules.

According to Mr Kingon, the strength of such pressure has yet to be fully felt. Citing the minimal 2 per cent share won by foreigners in the Ecu550bn government procurement market, he says, he does not believe that European industry has yet come to grips with the competitive spirit that 1992 is set to unleash.

"What happens when the barriers come down and local businessmen face this competition? What are the politicians going to do when they run for help?" he asks.

Mr Kingon says the EC is in a similar position to the US a couple of years ago when the Reagan Administration faced vociferous industrial demands for protection. It will be harder for the Commission to fend off such pressure because the structural changes for which Europe is heading will be particularly rapid and fundamental.

Commission officials admit that one of their tasks is to calm the anxieties of European companies who worry that 1992 will end up offering the greatest advantage to giant multinational corporations from Japan and the US. Strategically the present uncertainty over trade policy has as much of a role to play in allowing these fears to work themselves out as it has in putting foreign trade partners on the defensive, they say. For the time being the outside world can only hope they are right.

A further article next week will examine the response of US multinationals to the changing European market.

OBSERVER

PM's room at the top

■ Having already turned Green, visited Ulster, watched the Bush-Dukakis debate, received the President of Egypt and the Prime Minister of Malaysia, and no doubt done 101 other things this week, the Prime Minister yesterday did her bit for women. She presented the Women Mean Business awards at the Dorchester Hotel and had a wonderful time being photographed.

Semi-circled, at her request, by the six finalists, she said uncharacteristically: "We can't do everything at once. Shall I go backwards?" She also made a rather pithy speech. "Women have every bit as much talent as men. They are now gaining in self-confidence...If you want to make a bureaucrat tremble, show him a really determined woman."

Talking of Europe 1992, she said that there were more opportunities than ever for small businesses. "Women think there is not much room at the top. Their life is lived in the foothills. They create their own peaks. Then they find that there's tons of room at the top."

First prize went to Gillian Harwood, managing director of Omnibus Workspace Ltd. Harwood started by letting rooms to overseas students. She then inherited a small factory in London's Camden Town and began to rent out workshops. By now she has a string of such buildings, some of which are being turned into shopping centres and restaurants.

The prize for the best newcomer went to Marilyn Orcharton of Winchester whose company, Denplan Ltd, specialises in persuading National Health dentists to provide their patients with preventative care. Janie Godber, the co-founder of the Knickerbox which is about to expand abroad, was joint third.

The award is run by the women's magazine, Options, and is sponsored by the TSB Trust Company.

Flight error

■ The story in last Friday's Observer column about Neville Chamberlain flying to Germany on scheduled flights of British Airways aroused such disbelief that it was changed in later editions to say that he flew by Imperial Airways. The early edition story was correct. A reader, Desmond Goch, who was a schoolboy plane-spotter at the time, recalls Chamberlain flying in a Lockheed Electra from the then Heston airport where British Airways operated. Imperial operated from Croydon. The two airlines were merged in 1941 to form the British Overseas Airways Corporation under the chairmanship of Lord Reith.

Sinking fast

■ John Lister, the former ICI executive who chairs British Shipbuilders, will not be around today to find out whether there are any bidders for the state-owned corporation's Sunderland subsidiary, known as North East Shipbuilders (Nesl). Instead he will be cruising in the Mediterranean when the deadline for offers expires.

Lister's absence underlines his opposition to the Government's decision to break up British Shipbuilders, although he will have to decide whether any of the bids are viable. That looked unlikely yesterday. No bids had been received.

Lister is cross about his treatment by the DTI, which gave him the impression he was being recruited to repeat an earlier success at ICI Fibres, and then scrapped the recovery plan. So far he has chosen not to embarrass ministers in public, and merely observes that he doesn't relish the job of presiding at a funeral when he thought he had been hired to work a miracle. He thinks that he was misled about the corporation's prospects, but says he plans to stay put and get the best deal possible for its dwindling workforce. He is being canvassed as chairman of an enterprise corporation to be set up in Sunderland if Nesl has to close, yet may not be interested.

A keen cricket fan, and former wicketkeeper (he used to stand up to the fast bowlers with a steak in each glove), Lister, now 57, wants a good innings somewhere else before he retires.

"I can see hundreds of central committee members bearing on Moscow."

Early polls

■ The first Gallup polls were introduced in Britain in 1937. They were not then very scientific or regular. Still, something of the impact of the Munich agreement, which has its 50th anniversary today, may be seen in the 1938 responses. In March that year only 24 per cent of those polled said they favoured Chamberlain's foreign policy. By October 57 per cent said that they were satisfied with Chamberlain as leader.

Japanese talk

■ Missionaries in the sixteenth century referred to it as the "devil's tongue"; today it is seen by some as the ultimate non-tariff barrier to trade in Japan. It is the Japanese language. On the US State Department's scale of 1 to 5 for language difficulty, Japanese scores a 5, along with Chinese, Korean and a few others.

In early November a new course in practical Japanese for business men and women starts at London University's School of Oriental and African Studies. The five-day course concentrates on basic grammar and everyday vocabulary. It is used by the Japan External Trade Organisation in Tokyo and was designed by Hajime Takamizawa, director of the State Department's Japanese language School at Yokohama.

JETRO was originally set up to promote Japanese exports, but has undergone something of a Damascene conversion and now tries to encourage imports to Japan. It has given the course to SOAS and funded Takamizawa's trip to Britain to train instructors and make any modifications.

Timeo Danaos

■ American jokes: "What are the two worst words in the English language?" "President Quayle." George Bush is being described as "the evil of two lessers". Michael Dukakis is known as "Zorba the clerk" and, being a small man, there is also the line: "Beware of Greeks wearing lifts."

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POLITICS TODAY: Joe Rogaly

Pinching ideas – and car radios

The Ugly Right will play out its black comedy at this year's Conservative Party conference in Brighton, as it always does. The dark side of the Tories will be made manifest in atavistic attitudes to crime and punishment (and, no doubt, race relations).

Britain's opposition parties should be grateful. For they are finding it increasingly difficult to pin the Conservatives down as the nasty party. Every new buzz-word that Labour or the Democrats come up with is purloined by the Tories, in name if not in essence.

On Tuesday night the Conservative Prime Minister, Mrs Margaret Thatcher, pinched one of this year's outstanding opposition topics – the environment. Private Tory polls had indicated that she would be wise to do so. The politician in her was quick to respond; the economist in her made sure that she did so cheaply. She emphasised her concern about three friends-of-the-earth issues on two of which – acid rain and the ozone layer – the Government is already obliged by international pressure to act. The third, the "greenhouse effect", is still at the international hand-wringing stage. In this way Mrs Thatcher was able to tint herself green without committing the Government to any change of policy.

Another current opposition runner, citizenship, has been hijacked with equal political sincerity by the Home Secretary, Mr Douglas Hurd. He has given us the "Active Citizen". This has nothing to do with the civic rights that the Democrats mean by the word, or the social rights that concern Labour, but it is wondrous political theft. We will hear more about it the week after next. Thus for the moment the only revitalised word in the progressive vocabulary is "community", which both Labour and the Democrats are seeking to patent. They haven't a hope. Masks over their eyes and swag-bags over their shoulders, the Tories are on their way. My guess is that either the Home Secretary or the Prime Minister will display the loot at the Tory conference in Brighton the week after next.

So Labour and the Democrats can thank the permanent Tory demons for the fact that the Brighton conference agenda includes 166 law-and-order motions, of which a quarter call either for the return of capital punishment, or for a national referendum about it. (This might be popular, but I am talking about the opposition parties' perceptions, not the message from the opinion polls.) Other motions demand the birch. Yet others would have the courts fling criminals in prison and throw away the key. Perhaps the nearest thing to a thoughtful motion on the subject is "This conference has no confidence in the current Home Office response to the grave public concern in the field of law and order." That one seems fair enough. Lambasting the Home Office, and particularly the Home Secretary, is a healthy political activity, which ought to be encouraged. After all Mr Hurd – as we shall see – can look after himself.

Unfortunately what lies behind the no confidence motion is all too likely to be gut-reaction rather than reason. If any of the little devils who have stolen my car radio four times in the past two years had been within clip-on-the-ear distance at the time, justice might have been swift. Most of us become extremely angry, and possibly desirous of revenge, when we hear of yet another ghastly act of violence in the streets. IRA murderers stimulate a totally human desire to repay them in their own bloody coin. All of this is easy enough to understand. The Ugly Right, however, stops at emotion. It does not think. Lock them up for longer, it says. Flog them. Hang them.

If these remedies did any good there might be a case for taking them seriously. The trouble is that there is no evidence that they are effective. In the United States, which is said by those who study these matters to be one of the most criminal societies the earth has ever seen, they have calculated that it would take a 25 per cent increase in the prison population to effect a 1 per cent decrease in crime. The Home Office has made similar calculations, with similar conclusions, for England and Wales. The sums simply do not support the theory of reducing crime by keeping criminals locked up for longer, or at least not at any sensible price. You could argue that flogging might be a deterrent, if criminals thought the odds were in favour of them getting punished. You would be wrong. The number of offenders "dealt with" by a police caution or an appearance in courts is only 2 per cent – that's right, 2 per cent – of all indictable offences.

This is hard to credit, but follow the evidence. Only about a quarter of the crimes that take place are actually reported to the police. We know this because crime survey statistics (have you been assaulted/robbed/burgled recently?) can be set against police records. Just over a quarter of recorded crimes are "cleared-up," which means the police are pretty sure who did it. Some of these are crimes committed by people convicted of other offences, or by children too young to be prosecuted; others are not worth further action. In the end the number of offenders "dealt with" comes down to less than a third of the number of offences "cleared up." It is little wonder that I found the local police supremely uninterested in those car radio thefts. Anyhow, 27 per cent of all the crimes they carry in their books involve stealing motor cars or from them. Of course the clear-up rates of serious crimes of violence are much higher, but perhaps that is because so many occur between people who know one another well.

Most of these statistics were discussed at a Home Office seminar earlier this week. The Home Secretary, his junior ministers, and a selection of senior officials were there to talk about crime to an audience of businessmen (the chairman of this, the chief executive of that) and other elevated personages. The idea for such an event came from a deputy secretary; it is to the credit of Mr Douglas Hurd, the Home Secretary, that he took it up.

Some of the numbers that emerged are extremely thought-provoking. It is true that there is about seven times as much reported crime now as there was just after the war – but the real increase is probably much lower. For the rise in the number of police has meant that there are more constables available to note complaints, while the spread of the telephone into many more homes has made reporting easier. More widespread home ownership means more insurance policies – and more reporting to the police of burglaries.

Very well, you say, what about violent crime? Here again it is question of "believe it or not". The simple fact is that a mere 5 per cent or so of crimes involve violence. Many of these are pub brawls, in which the losers suffer slight wounds. The proportion that is reported is an open question. But surely people will report things like rape? Perhaps, but it is only over the last three years or so that the police have begun to take a more sympathetic attitude to the victims, with the result that the number of recorded rapes has shot up sharply. We cannot be sure about the real trend.

Thus when Mr Hurd tells the Tories that the crime figures for the year to last June show a drop in the overall quantity of offences, particularly in the inner cities (partly offset by more crime in the suburbs), he will be using statistics that may be only loosely correlated to reality. The same doubts apply to the headline scare stories about increases in violent crimes.

The need for a sophisticated approach to crime is brought home by just one more selection from the statistical tables. Here goes: Most crime is committed by teen-aged boys. The peak age for crime is 15. A third of all males will have been convicted of an indictable offence by the age of 28. Just imagine how many more have got away with it.

There are many serious ways of tackling the problem. The Active Citizen is one of them. This involves both businesses and private individuals assuming a responsibility (alone or as part of neighbourhood groups) for making it more difficult for kids to walk off with things. If cars are locked and fitted with security alarms and removable car radios are taken into the house at night fewer such radios will be stolen. Many Italians take their car radios with them whenever they leave their cars. So do I, now. Burglar alarms, door viewers, security patrols, better lighting – the list of crime prevention measures is long. Another line to tackle might be to make sure that city-centre children really do stay in school until 16; too many simply walk out at 14.

None of this means that crimes should go unpunished, although I doubt the efficacy of some of the increased penalties that came into force yesterday under this year's Criminal Justice Act. The Home Office is well advanced in studies of new kinds of compulsory service in the community. They are evaluating three kinds of bracelet that would tell them that an offender sentenced to "house arrest" was really at home when he or she should be. There will be renewed calls for the foreshortening of judicial procedures, including curtailing the right to a jury trial. Mr Hurd is understandably wary of this. The idea of farming out prison building and administration to the private sector has not been abandoned. Again, the list of Home Office bright ideas is large, and growing.

Mr Hurd's task at the Tory conference is to ward off accusations that he is soft on crime. Nothing he can say short of "come on, punks, make my day" will satisfy the hangers and floggers. But there is plenty of meat for a speech that would make the Government seem thoughtful and humane about a whole range of social problems associated with crime and punishment. It could go some way to wipe out the familiar conference image of the Ugly Right. We shall see.

LOMBARD

Where the aid money goes

By Victor Mallet

CONVENTIONAL wisdom has it that Britain and other Western countries are mean about aid to Africa. They should, the thinking goes, give away far more money each year to assist this desperately poor continent with its development.

It may be so. Yet aid donors, with their aid projects, four-wheel drive aid vehicles and aid-related contracts, are already an overwhelming presence in sub-Saharan Africa. Multilateral, bilateral and non-governmental, they dominate the political and business life of many an African city.

Although we are told that Africa is not getting enough cash, harassed aid administrators in the field often compete with each other to spend their dollars and search in vain for worthwhile projects to fund. Money ostentatiously committed by their governments frequently remains unspent at the end of the financial year.

Aid organisations invariably claim to have learnt from the mistakes of the past. Nowadays, they say, we involve Africans in decision-making, we support the private sector, we spurn prestige projects involving high recurrent costs in foreign exchange, and we refuse to undermine local markets by dumping our subsidised food surpluses in Africa.

But in practice the same mistakes are repeated over and over again by the same vested interests in the donor community and in the countries supposed to benefit. Foreign aid to Africa in this decade is hardly more successful than it was in the 1960s and 1970s.

A couple of years ago the US Government gave perishable corn soyamilk to Zambia through the World Food Programme to combat infant malnutrition, but the Zambian Ministry of Health was too inefficient and too short of trucks to distribute it to rural clinics. This year some of the US food – rotten, infested by weevils and unfit for human or animal consumption – has been destroyed. Doctors in remote villages, hopes raised by news of the project, plead for supplies which never come to save the emaciated children in their care.

It must be said that aid works rather well in more efficient countries such as Botswana, but that is because Botswana is so rich and well-run that it requires no financial assistance in any case.

Throughout Africa foreign aid still generally benefits governments rather than peasant farmers. African élites, renowned for corruption and inefficiency, like to accept aid money to save foreign exchange and plug the budget deficit, even if a project is inappropriate and they are unable to implement it. Donors are happy to plan projects, dump their food surpluses, triumphantly announce the high nominal value of their gift, and claw back much of the money by paying their own experts (using their own vehicles), to administer the aid.

There is little doubt that aid to Africa induces a sense of chronic dependency in the recipient nation. The continent is notorious for its lack of a maintenance culture: why spend $1m of your own money maintaining a road when a donor will spend $10m to build a new one?

Every year part of the Zambian maize harvest is spoiled by rats and by the rains: why lose sleep over organising proper production incentives, transport and storage for your own crop when the donors will step in to dump their own food or buy it for you from Zimbabwe next door? Dependency is in some cases so extreme that donors negotiating with a government will actually draft the government's replies to their own letters, then take the letter round to the relevant ministry for a signature.

Food aid – with the important exception of emergency assistance – is a particularly pernicious form of foreign intervention in Africa which continues from year to year despite repeated protests from economists and farmers.

Most countries in Africa have been described at one time or another as "potential bread-baskets", but still the cheap grain pours in from Canada, the US and elsewhere to undermine the local food market. When will it end? When governments' see sense? Or when another, more serious drought in the American grain belt spells catastrophe for a continent so dependent on food from abroad?

LETTERS

The Royal Opera House has a duty to act in its own interest

From the Director of the Royal Opera House.

Sir, It is not easy for the Royal Opera House to reply adequately to its critics while litigation over its planning application is in process, but Lord Jenkins's polemic ("Plans that fall sadly short of glory," September 28) cannot go unanswered. Read as commentary on what we shall eventually build, it is wrong, and will be shown to be wrong, in every particular.

The details of rejoinder must wait, but something of substance can be said now. The Government has made it categorically clear that, after its gift to the Royal Opera House of the land on which we shall build, not one further penny will be forthcoming to pay for the expansion. In these circumstances it would be folly for the board of the Royal Opera House to procrastinate until that particular moon turns blue, or to wait for the equally unlikely benefit of a National Lottery, put forward by other helpful critics, to come miraculously to our aid. On such sands we cannot build.

The Royal Opera House has a duty to its public and to the nation to act in its own interest. Within the due process of the law, we shall do so, and create buildings and a public amenity both practical and beautiful into the bargain.

Jeremy Isaacs,
Royal Opera House,
Covent Garden, WC2

Quality not quantity is what matters in aid programmes

From Mr C.H. Walton.

Sir, Mr Roger Riddell (Letters, September 6), endorses the House of Commons foreign affairs committee's view that British aid programs should not be linked with World Bank and International Monetary Fund (IMF) conditionalities. He cites Zimbabwe where the US has recently de-linked and urges the British Government to follow suit. Unfortunately, if unwittingly, he adds weight to the impression which once again seems to be gaining ground, that it is the volume rather than the quality of aid which matters.

In general there are two points to be made. First, there is broad agreement among donors that aid co-ordination is an essential element in aid effectiveness. In the past there have been too many instances where donors have supported programs and projects regardless of the policy framework of the countries they have been trying to assist. This has contributed to the present sad situation in Africa.

Second, the determination of country policy framework and lending conditionality are not just a product of the IMF and World Bank but the result of the widest collaboration among donors, in particular through the country consultative groups in which the concerned country fully participates.

It is not good enough for some donors to be closely associated with what is a thorough process and then act independently of its conclusions. Of course, nobody would deny a donor the right to act independently but it would be erroneous to jump to the conclusion that the additional resources transferred will necessarily further the development process. One of the reasons why the British Government's aid program is so effective is because it has refused to follow this course.

C.H. Walton,
Wolfson College,
Oxford

Why the brakes are on in the headlong flight to 1992

From Mr Bryan Glover.

Sir, There seems to be a general air of surprise that the British Prime Minister, if not actually back-peddling, is certainly stepping with some force on the brakes with respect to our headlong flight to 1992 and the implementation of the Single European Act. A brief comparison of equivalent areas of legislation ought, however, to dispel such surprise.

Compare the laws in the UK on such subjects as pensions, minimum wages, social security and the rights of individual trade union members – many of which have been enacted during the last decade – and the reluctance of the Prime Minister to permit full integration becomes clear. In many areas, particularly that of equal opportunities, Britain comes bottom of the European league.

In her speeches, Mrs Thatcher has characterised the differences between her Government and those of the rest of Europe in that she has distanced herself furthest from the exercise of individual choice. For such as myself, a lifelong National Health Service worker, the opposite is closer to the truth.

I was looking forward to 1992 as a major step towards improving not only my personal conditions of employment, but also the quality of the service I am permitted to provide. Now, I am not so sure.

Bryan Glover,
14 Wensley View,
Leeds

The fact is that British exports are not doing well . . .

From Mr I.J. Campbell.

Sir, Is it not bizarre, as you comment in your leadar ("Tests for UK economy," September 28) that trade figures which are tha second-worst ever can be hailed as a success, leading to a surge in the FTSE and a ½ per cent improvement in exchange rates?

The British Exporters Association has been warning the British Government for tha past two years thet the growth in sales abroad was short-term, based on the weakness of sterling, and that unless some radical steps are taken to improve the UK's export performance, there is a real danger of long-term deficit.

Proposals to streamline the provision of export support, under a single Cabinet-level minister; proposals to restructure the way in which the UK disburses aid to make more of it bilateral; taking Britain into the EMS to reduce the adverse effects of currency fluctuations; a reform of the corporation tax laws to give incentives to exporters – all these have been cogently put to the Government – and duly ignored.

Mr Nigel Lawson, the Chancellor of the Exchequer, claims that "exports are continuing to perform wall" and lays the blame for the deficit on too much domestic growth and high consumer demand. The fact is that exports are not doing well. Projecting forward from the eight month figure of £52.7bn to a 12 month of £79bn, and allowing for inflation, the UK is actually performing worse than it did in 1987.

Unless there is a dedicated single-minded approach to improving export performance on the part of Government and industry, then the UK's 1989 trade deficit could top £20bn.

A final comment on the efficacy of Mr Lawson's interest rate strategy. Given that imports of consumer goods are up by 12 per cent over the past year – which is only a slightly higher figure than the sum of actual growth in the economy plus inflation – whilst it is capital goods, raw materials and inputs for industry which are up hy 25 per cent, can the Chancellor explain how the equation works?

A 12 per cent base rate may reduce consnmer demand slightly, bnt it is not going to help British indnstry to become more competitive in tha international market-place – which is where we must seek our salvation, if it is to be found anywhere.

I.J. Campbell,
British Exporters Association,
16 Dartmouth Street, SW1

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IMF gathering ends with upbeat outlook

By Philip Stephens and Stephen Fidler in Berlin

MR Michel Camdessus, managing director of the International Monetary Fund, yesterday wound up the Fund's annual meeting with an upbeat assessment of prospects for improvements to the international monetary system.

His comments came as Mr Barber Conable, his counterpart at the World Bank, defended the Bank's decision to extend $1.25bn in loans to Argentina before it has agreed an IMF adjustment programme.

The last day of the Fund and Bank gatherings, which have been marked by massive security and regular battles between police and protest groups, saw renewed demonstrations in the centre of Berlin, with some streets blocked by blazing cars.

In his closing address, Mr Camdessus said that he had been struck by the recognition among governments that it was time to look at ways to strengthen the present exchange rate system. There had been a "rising ferment" in favour of addressing a number of key monetary issues.

He indicated that the Fund intended to examine in detail several options raised during the week. These include greater use of economic performance indicators in international policy co-ordination and an enhanced role for the Special Drawing Right (SDR) in exchange rate management.

It would not, however, be seeking a theoretical blueprint for a new monetary system.

Mr Camdessus, who earlier in the week was strongly criticised by Britain for suggesting it might need to tighten its fiscal policy, also insisted that the meeting had recognised that governments should not rely solely on interest rates to control their economies. Fiscal and structural policies should play a more important role.

His comments on the debt crisis reflected the determination of most industrial countries to stick with the present "case-by-case" approach. "I do not believe that a lasting solution to this complex problem can come from any other approach", he said. But it was similarly imperative that the strategy be strengthened to enhance growth in developing countries and improve their debt-servicing capacity.

Mr Conable cited broad support for a "pragmatic evolutionary approach" to the debt crisis which should include the provision of new money and the voluntary reduction of debt.

However, he said "performance by the indebted country is the real key." The approach only made sense when the country had embarked upon economic adjustment that would lead to growth.

Defending at a press conference the Bank's controversial decision to recommend $1.25bn of loans to Argentina before an IMF economic programme was in place, Mr Conable said the Argentine economy was very fragile, and almost on the verge of hyper-inflation.

Rapid action was necessary but the Fund had been consulted in each stage of the process. "As far as I know, there is no serious problem about it," he said.

Mr Camdessus said that there had been no difference of approach between the Fund and Bank.

While hailing progress on an initiative to relieve the debt of the poorest African countries, Mr Conable pointed to the fact that "many years of co-ordinated, concerted patient work lay ahead." Resolving Africa's problems was a "marathon not a sprint."

China eats itself into a food shortage

Colina Macdougall examines the adverse effects of the national appetite

FOOD is an obsession in China. One distinguished Taiwanese writer – in a book banned but nevertheless widely read in China – has even claimed it is a substitute for sex.

"Every one of China's 1.1bn people wants to eat lean pork and drink beer," Li Guixian, governor of the People's Bank, commented bitterly earlier this year.

As urban wages have rocketed, so has China's consumption of food. Restaurants, massive users of the country's food resources, have had a field day as expense account banqueting has become nationwide big business.

The Chinese are simply eating too much for their present state of development, claims an economist in a recent issue of the China Newsletter, a magazine of the Japan External Trade Organisation. He quotes a table compiled by China's Academy of Social Sciences to show that China's meat consumption in 1986, when per capita gross national product was $465, was three times that of South Korea in 1978, which had a per capita GNP of $1,279.

Chinese cooks struggle for a recipe to meet demand

While it may be unjust to criticise calls for a better diet in a country where millions have lived near or below the breadline for generations, such demands have fuelled enormous pressures which the present state of Chinese agriculture cannot continue to meet.

Along with the new demand goes a perennial fear of shortages. It does not take long for a run on the banks and a surge of panic buying, such as occurred last month, to sweep all the food off the shelves. In the jittery atmosphere of a few weeks ago, Hu Qili, a senior leader, found it necessary to deny that there was any comparison with the "three difficult years" of 1959-61, when 16m people died of malnutrition.

China has not yet tackled the root of the problem: farmers' incentives to produce more are tightly limited. Grain prices are semi-controlled, while vegetables and meat move regularly from glut to shortage and back again. In time of shortage, Peking applies price ceilings and authorises new rationing and subsidies. Foods such as pork and eggs are not effectively rationed by price and there is little beside these relative luxuries to mop up spending power.

Now that the leadership has postponed price reforms for another two years, there is no immediate chance of getting the right price balance between food, services and other commodities.

Price is also a factor in the slow growth of grain production. This year the harvest is not expected to reach its target of 410m tonnes, or even the previous peak, in 1984, of 407m tonnes. This is partly due to bad weather but more to low prices and the declining benefits of rural reform.

Next year's harvest may also be below expectations because of a shrinkage in the sown area, China Daily said last week. Nor are the long term prospects particularly bright, with the target for 1990 of 450m having been postponed until 1992.

The reform programme, launched by Deng Xiaoping, the Chinese leader, in 1978 was highly successful for the first few years but has run out of steam. A turning point came in 1984 when the old Maoist communes were finally disbanded and the quotas for grain-growing given up in favour of a new contract system, but without much in the way of new prices. Acreages sown to grain dropped at once as farmers turned to more profitable activities many in rural industries.

What payment farmers receive from the Government barely covers costs such as those of fertiliser and pesticides which have risen hugely in the past few years. For political reasons Peking is frightened of raising the grain price and leave the urban consumer to pay more.

The unbalanced pricing system has also caused the country to lose farmland. Nearly half a million hectares disappeared from cultivation altogether in the years 1980-86, according to the State Statistics Bureau.

The rise of rural industry, to which the farmers turned for new profits, is partly to blame. So is the widespread building of new houses. Brick manufacture, a popular new activity, uses land up twice over, once in the space it occupies and again as raw material.

As families move to work in the new industry, they leave their plots fallow. The plan was that these should be transferred to households that wanted to stay in the farming business, but no-one wants to surrender land which could provide a living if the reforms were terminated. In south China, the China Daily said earlier this month, there are more than 13m hectares of idle land, half of which was recently in cultivation.

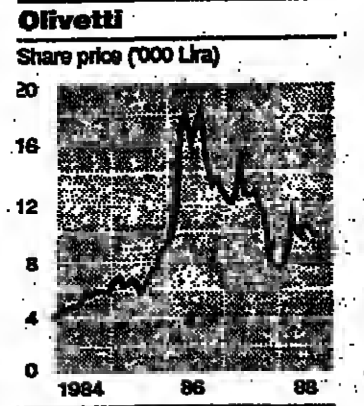
Farming has also become less efficient. Much farmland is more vulnerable to the weather than under the old Maoist system, because private farmers no longer bother to keep up communal dykes and irrigation. Nor do they maintain the structure of the soil with organic fertilisers, the Chinese press complains.

Chinese farming has to contend with overpopulation, shortage of land and devastating weather. But until the leadership can complete the reform and ensure that prices paid to the farmers reflect the costs and effort of producing foodstuffs, not to mention their scarcity, the problem is unlikely to come anywhere near solution.

THE LEX COLUMN

Mr Bond pays for another round

Almost a year since the global stock market crash was supposed to have rid the international stage of highly indebted stock market operators, the Australian predators are still very much in evidence; and none more so than Mr Alan Bond whose ambitions appear to be even bigger than his borrowings. Having underlined his faith in Standard Chartered's recovery by agreeing to underwrite its rights issue, Bond Corporation is now tweaking the tail of Allied-Lyons, and it would be dangerous to underestimate its ability to make life difficult for Britain's second biggest brewer.



The stock market may have been hoping that someone of more substance than Mr Bond had been building up a stake in Allied. For it is hard to see how even his generous bankers would be prepared to finance a bid for a company more than seven times Bond's size. Consequently, there must be other motives for the continuing stake building. Given the growing enthusiasm for defensive share swaps among some of the better known members of the European business establishment, Mr Bond might just feel it is worth taking some pre-emptive action to defend his position before it is diluted in the interests of 1992.

Having established himself as one of the biggest if not the most profitable brewers in the US, Mr Bond may simply be trying to get Allied to speed up its plans to help him expand in Europe. However, this is probably being over-generous; and there may well be other predators out there who share Mr Bond's view that Allied's shares, at 11 times earnings, are not particularly expensive.

Money supply

Unless one believes that everyone was insisting on cash payment more than a week after the postmen returned to work, the latest banking returns cannot be considered encouraging. While growth in the number of notes in the system was down from the double figures in the middle of the month, last week's advance of 8.8 per cent suggests the underlying trend in M0 is still stubbornly upwards. As M0 is a concurrent indicator of economic activity, the latest rises in interest rates do not seem to be providing much relief to an overheating economy.

In more ordinary times, the gilt market might find this disquieting. However, yesterday's millpond market shows no one is prepared to let gilt prices fall. Given that index linked gilts yield about 4 per cent, the 9.5 per cent yield on long gilts seems to include precisely no premium for risk, assuming inflation of 5.5 per cent. The long end of the market has come to reflect less the strength or otherwise of the economy, than the Bank's purchases of gilts to redress the Government's budget surplus. Even though the Bank appears to have been a less aggressive buyer this month than over the summer, the market is not taking any chances. After all, there seems no point in pushing prices down, when all that would be achieved is to allow the Government to buy back its debt more cheaply.

Olivetti

For a company which has just announced a 24 per cent drop in first half pre-tax profits, the appearance of change may be just as important as change itself – at least in the short term. And yesterday's news of corporate restructuring from Olivetti did indeed seem long on appearance and short on substance: the three newly created divisions bear a striking resemblance to operational units already in existence. But while the market might have been more impressed by concrete details of a retrenchment programme to help Olivetti compete in a difficult market, yesterday's grand design for a more flexible, more innovative Olivetti probably makes good long term sense. And the assurance that costs will indeed be cut, even if Olivetti was not saying when or by how much, seemed enough to keep the share price from registering any noticeable protest – though the fact that the news came at a time when there were far more buyers than sellers in the Italian market as a whole cannot have hurt.

Reorganised or not, Olivetti could well disappoint shareholders again at the end of the year with net earnings down by as much as 10 or 15 per cent – despite Mr Carlo De Benedetti's prediction that turnover will rise by at least 8½ per cent. Olivetti can scarcely be blamed for suffering from the industry-wide ills of margin pressure caused by high component prices and foreign competition; but if it is to continue to deserve a prospective rating of 16 or 17 times earnings – a substantial premium to the average Italian market multiple – it will need to do a more than average job of dealing with these problems. In the short term, shareholders may wish to see speculation over strains with AT&T continue; such uncertainty may be good for a stock which could be seen as a bid target.

United Newspapers

One of the advantages of having a low stock market rating is that disappointing figures do not do much damage, and United Newspapers' prospective yield of over 6.5 per cent and a single figure p/e multiple meant that an unexpected 1 per cent fall in earnings left the share price almost untouched yesterday. The immediate past at United has been marred by a mixture of bad luck and bad judgment. The move down market at the Star has cost untold millions, Extel is finding life more difficult after the crash, and even the sale of the Fleet Street office seems to be taking longer than might have been hoped.

However, it is not just United's rating that makes shareholders forgiving, as their eyes are firmly on the future savings to be made by cutting the newspaper workforce by two thirds. According to the company, costs will be £40m lower by 1991, equivalent to over a third of the likely profit for the entire group this year. Higher newsprint prices and increased promotional costs will take care of some of that, but leave enough to keep earnings moving up sharply for the next three years. Some would say that makes the shares a steal, but given that the big benefit to earnings has been just round the corner for some time now, the rating may not be so unfair, after all.

Soviets put terms on arms cuts in Europe

By David White in Stockholm

MOSCOW IS READY to negotiate away the advantage it has over the West by shedding tanks and artillery, but only in exchange for one-sided cuts in Nato's strike aircraft, Marshal Sergei Akhromeyev, Chief of the Soviet General Staff, said yesterday.

In a lecture organised by the Stockholm International Peace Research Institute, he said forthcoming talks on deployment of conventional arms in Europe would be meaningless unless they dealt with offensive aircraft – in which, Moscow claims, Nato has a superiority of 1,500 units.

Nato and the Warsaw Pact have for 18 months been discussing establishment of a new forum to consider conventional weaponry throughout Europe.

Mr Mikhail Gorbachev said this week that "agreement was nearing" on setting up the Conventional Stability Talks (CST), despite difficulties over the mandate and wrangles over human rights at a related European security conference.

He hinted that there should be separate negotiations on naval forces, arguing that the US had twice the Soviet strength in big warships and sea-based aircraft, and absolute superiority in attack aircraft carriers.

Soviet officials indicated that Moscow might make a unilateral rednction in conventional arms in order to make a breakthrough in the talks, but major cuts would have to be mutual.

A unilateral move would presumably he intended to "set the ball rolling" in a European disarmament process. This, in the Soviet view, would begin with an exchange of data on troop strengths, followed by the elimination of "assymmetries" and withdrawal of 500,000 troops by both sides.

He reiterated Moscow's promise to move towards a "purely defensive" stance and said the Soviet Union was taking steps to change the configuration of its forces in Europe in order to ease Western concern. Hitherto stated Soviet policy has been to repel aggressors by a "mixture of offensive and defensive means."

Piper Alpha safety 'breakdown'

Continued from Page 1

form and the pumps may also have been damaged by the initial blast.

Had water been available it might have kept the structure cool enough to contain the spread of fire.

No alarm was sounded and no announcement was made to abandon the platform.

The fire was subsequently fed by crude oil and nearby tanks of diesel fuel. After 20 minntes, high-pressure gas pipelines leading to other platforms in the area had ruptured, causing a huge explosion that engulfed the whole of Piper Alpha in a ball of fire.

Althongb most platform workers were trapped by the flames in accommodation units, those who tried to escape found that lifeboats would not inflate.

Mr Petrie has stressed that the findings of the report are tentative. Alternative theories are offered abont the initial cause of the blast and these could be altered as the investigation continues.

Mr Petrie's letter is the second to the industry since he began his inquiry, immediately after ths disaster.

Gonzalez attacked on US 'nuclear' pact

By Tom Burns in Madrid and Nancy Dunne in Washington

MR FELIPE GONZALEZ, the Spanish Prime Minister, suffered a barrage of criticism from opposition groups yesterday over a new bilateral defence agreement Spain has concluded with the US.

The pact was announced late on Wednesday at the United Nations by Mr George Shultz, the US Secretary of State, and Mr Francisco Fernandez-Ordonez, Spanish Foreign Minister. The opposition claims that under US pressure Mr Gonzalez has reneged on the terms of a 1986 referendum and allowed the possibility of US nuclear weapons on Spanish soil.

The US is in the midst of difficult negotiations for a number of new hase agreements. The State Department yesterday expressed "delight" that "we finally got one of them nailed down."

Most of the provisions of the pact had been agreed earlier in the year. For the first time since US-Spanish defence agreements began in 1953, the agreement contains no economic or military aid commitments. It allows the US eight more years military use of Spanish bases.

However, it also requires the removal of 72 US F-16 fighter aircraft within three years. This is the first unilateral reduction of US forces in a European country since France withdrew militarily from Nato in 1966. The F-16s will be redeployed in Italy with most of the costs of the move to be paid by Nato infrastructure funds.

The bilateral agreement will almost certainly be approved by the Spanish parliament where the Socialist Party has a disciplined majority. But as far as public opinion is concerned what matters is that the Government will not be able to verify whether nuclear weapons are entering Spain because it has undertaken not to ask whether this is this case.

The Centro Democratico y Social (CDS), Spain's liberal party which is led by former prime minister Mr Adolfo Suarez, said the renewed agreement appeared to contain "a serious contradiction over the nuclear issue."

Future of US bases, Page 3

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	25	77	Malta	F	26	79	Rhodes	F	25	77
Algiers	S	29	84	Edinburgh	R	09	48	Manchester	F	12	54	Rio de J'o	R	39	103
Amsterdam	C	13	55	Faro	S	27	81	Manila	C	32	90	Rome	F	29	84
Athens	F	27	81	Florence	S	24	75	Melbourne	F	18	64	Salzburg	F	22	72
Bahrain	F	37	99	Frankfurt	F	14	57	Mexico City	F	25	77	San Francisco	F	28	83
Bangkok	R	31	88	Funchal	S	24	75	Miami	C	29	85	Seoul	F	25	77
Barcelona	C	24	75	Geneva	F	24	75	Milan	S	24	75	Singapore	C	30	86
Beirut	F	31	88	Gibraltar	S	23	73	Montreal	C	16	61	Stockholm	C	15	55
Belfast	F	12	54	Glasgow	R	09	48	Moscow	F	18	59	Strasbourg	R	13	55
Belgrade	S	27	81	Guernsey	F	14	57	Munich	F	21	70	Sydney	F	29	85
Berlin	C	17	63	Helsinki	C	15	59	Nairobi	C	22	73	Taipei	F	27	84
Biarritz	C	17	63	H. Kong	F	28	82	Naples	S	25	77	Tangier	S	28	82
Bombay	F	30	86	Innsbruck	F	20	68	Nassau	F	31	88	Tel Aviv	S	29	84
Bordeaux	F	12	54	Inverness	F	09	48	New Delhi	F	32	90	Tenerife	S	26	79
Brussels	F	19	66	Islamabad	F	34	93	New York	C	27	81	Tokyo	C	23	73
Budapest	F	25	77	Istanbul	F	24	75	Nice	F	23	73	Toronto	C	14	57
B. Aires	F	20	68	Jakarta	C	33	91	Nicosia	F	35	95	Tunis	F	29	84
Cairo	F	33	91	Jersey	F	16	61	Oporto	S	18	64	Valencia	S	26	79
Cape Town	C	15	59	Jo'burg	F	23	73	Oslo	F	16	61	Venice	F	20	68
Caracas	C	26	79	Lima	C	18	65	Paris	C	18	64	Vienna	C	24	75
Casablanca	S	24	75	Lisbon	F	32	90	Peking	C	22	73	Warsaw	F	24	75
Chicago	C	14	57	London	F	15	59	Prague	C	18	64	Washington	C	14	57
Cologne	F	15	59	Los Angeles	F	32	89	Reykjavik	S	03	37	Zurich	C	16	61
Copenhagen	F	14	57	Luxembourg	C	11	52								
Corfu	F	27	81	Madrid	F	31	88								
Dublin	R	20	68	Majorca	S	27	81								
Dublin	F	12	54	Malaga	S	24	75								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Gorbachev 'set for sweeping reforms'

Continned from Page 1

The open question is why Mr Gorbachev felt it necessary to call an unwieldy central committee plenum to discuss internal party reform when the ruling Politburo had already been given a mandate to work out the details.

The Soviet leader said in a speech to newspaper editors last week that the Politburo had passed a resolution which would result in substantial cuts in the central committee bureaucracy, although the axe would fall less brutally at provincial level. That already suggests a degree of compromise.

However, in spite of a switch in style from passion and ebullisnce to grim realism, the Soviet leader has shown no sign in his public pronouncements of backing down on the reform process.

On Wednesday he told the conservatively inclined East German leader, Mr Erich Honecker, that reform on all fronts was essential. "Any one of our current burning problems underlines the necessity for radical change," he said. "It is needed in the party, in the state, in agriculture, in personnel policy, and most of all in people's mentality."

The two emergency meetings set off a formidable reform agenda for the next six months.

Constitutional reforms, including the creation of a super-parliament, transformation of the Snpreme Soviet into an active standing legislature, and creation of an executive presidency, are being drafted

25% of the daily turnover in French government bonds is done in London.

So too is nearly 20% of the turnover in French equities.

But with the creeping deregulation of their financial markets, are the French about to get their own back?

Find out in this week's Economist.

The Economist

We set more wheels in motion
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FINANCIAL TIMES
COMPANIES & MARKETS
Friday September 30 1988

WIPAC
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INSIDE

Bund gets off to a good start in Liffe

Champagne corks popped at yesterday's official launch of the new Bund futures contract on the London International Financial Futures Exchange. The new contract — the first D-Mark-denominated futures contract on a fixed income bond available anywhere — got off to a good start but the level of participation may be partially restricted by political rather than an economic constraints. Page 27

Gold Fields musters defences

Having rescued Newmont Mining from US corporate raiders last year, Consolidated Gold Fields, the UK-based mining finance house, may find itself requesting a similar gesture from the US mining group. But Newmont is only one of a host of names which brokers' analysts have looked at as possible white knights in Gold Fields' battle against the unwelcome attentions of South African-controlled Minorco. Page 31

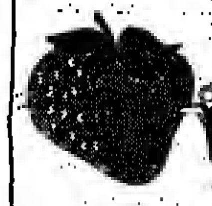
Bets on hitting Soviet jackpot

The Franco brothers are betting on hitting the jackpot in the Soviet Union. Spain's top one-arm bandit manufacturers sit down next week to negotiate exclusive gambling deals and joint ventures with the Soviets. At stake for Joaquin and Jesus Franco is the chance to instal 150,000 machines in 300 hotels over the next 10 years. Tom Burns in Madrid looks at a somewhat unusual business gamble. Page 23

Indian summer for stocks

With both Indian agriculture and industrial production expected to score huge gains this year, the Bombay stock exchange is witnessing a rally fuelled largely by private investor demand. Forecasts of sharply higher profits this year, underpinned by strong rural demand for many consumer products, have helped push market indices to near record levels. Page 48

Mr Strawberry moves into fresh fields



Known locally as Mr Strawberry for his part in introducing intensive cultivation of strawberries in Spain, Mr Antonio Medina is now scanning the horizon for other exotic fruits and plants to grow. "Monoculture is fatal," he claims, as he examines the prospect of growing leafy Costa Rican ferns, a South African variety of apples that is harvested in May and June and a type of fig that grows on miniature trees. Tom Burns meets the former Seville lawyer who isn't letting the grass grow under his feet. Page 44

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				Rises			
Veba	259	+	4	Bouygues	715	+	119
Degussa	357	+	6	Carrefour	2940	+	95
Hoechst	298.2	+	4.7	Epeda-Bec.	930	+	41
Falls				Pernod	1220	+	47
Deutsche Bab.	175	-	2.5	**TOKYO (Yen)**			
NEW YORK ($)				Rises			
Rises				Matsuzakaya	770	+	80
CI	13	+	1¾	Nichimen	571	+	51
[illegible]	74⅞	+	3⅞	Showa MFG	930	+	90
[illegible]	32⅛	+	1¼	Falls			
[illegible]	22⅜	+	1¼	[illegible]	1150	-	90
[illegible]	32¼	+	1	[illegible]	1380	-	90
Falls				Ichikawa Tex	870	-	50
[illegible]	33⅞	-	⅝				
LONDON (Pence)							
Rises							
[illegible]	414	+	24	Laing Props.	507	+	17
[illegible]	384	+	9	Lloyds Bank	321	+	11
Cadbury Sch	386	+	19	LASMO	570	+	31
[illegible]	419	+	29	Morgan G'fell	370	+	12
[illegible]	213½	+	12	Pittard Grnr	217	+	39
[illegible]	213½	+	14½	[illegible]	344	+	9
[illegible]	565	+	8	Ultramar	282	+	16
[illegible]	482	+	17	Ward White	311	+	12
[illegible]	510½	+	4	Falls			
[illegible]	210½	+	10	Oxford Inst	293	-	20
ICI	1115¾	+	29	Dixons	144	-	7
[illegible]	211	+	12½	Sun Life	983	-	29½
Jaguar	259	+	13				
[illegible]	345	+	8				

GrandMet may sell hotels to Seibu Saison

By Lisa Wood

GRAND Metropolitan, the UK food, drinks and leisure group, is in negotiations to sell its Inter-Continental hotel chain to Seibu Saison, the Japanese conglomerate, for about £1.36bn ($2.28bn) gross (£1.2bn after tax.)

The hotels, the world's 17th-largest chain, were put up for sale by GrandMet in August and provoked considerable international interest. It is understood that two other businesses made offers of around the same price as the Japanese group.

Completion of a deal with Seibu Saison is thought to be close, with the two sides negotiating late last night.

It is understood that as well as the deal there will also be a statement of intent for joint venturing between the two groups — a strong attraction to GrandMet, which is seeking to build up its activities in the Far East.

Seibu Saison was built up by Mr Seigi Tsutsumi, its president after he inherited a small department store chain from his father, who gave his other son a private railway company.

The conglomerate today has an annual turnover of about US$20bn and consists of 10 main core businesses, including department stores, food manufacturing and restaurants. It owns three hotels in Japan, including Hotel Seiyo, a luxury Tokyo hotel.

The group has been aggressively seeking opportunities to expand from its Japanese base. It owns a chain of fast food outlets in the Los Angeles area, called Yoshinoya, and has forged trading agreements with several European groups.

Seibu Department stores, for example, has a joint marketing venture in Japan with Jaguar, the UK luxury car maker, Liberty, the UK retailer and textile designer and Habitat, UK the home-furnishing group.

Mr Nicholas Pearson, a representative in London of Seibu Saison, said a deal with GrandMet would be a logical extension of Seibu Saison's hotel activities and a major move into international markets. He said that he knew nothing of reports from Japan that Seibu Saison was the principal in a Japanese syndicate bid for the chain.

The 100-strong Inter-Continental chain was acquired in 1981 for $500m. Since then some £200m has been invested in building work and refurbishment. GrandMet owns 19 of the hotels outright with the rest either leased, managed or under franchise. The last valuation in September 1986 gave them a book value of £600m. Profits of about £50m for the full year for the group are forecast by the City.

A purchase price of around £1.35bn gives the chain an historic p/e of 54. The one-off profit of about £500m will probably be taken next year.

Maxwell increases offer for Macmillan

By Raymond Snoddy in London

MR ROBERT MAXWELL, the British publisher, last night raised the stakes in the battle for Macmillan, the US publishing house, by making an increased cash offer of $90.25 a share.

He has decided on a "double-barrel" approach to Macmillan – putting forward an increased offer at the same time as pursuing action in the Delaware courts against a Macmillan management "poison pill" provision.

The improved offer, valuing Macmillan at over $2.5bn, will increase pressure on the Macmillan management who earlier this week decided to accept a cash and paper offer from Kohlberg Kravis Roberts (KKR) said to be worth $90.05 a share.

Because of the paper element the consensus view of analysts and arbitrageurs is that the KKR offer is worth only a few cents more than Mr Maxwell's previous $89 a share offer.

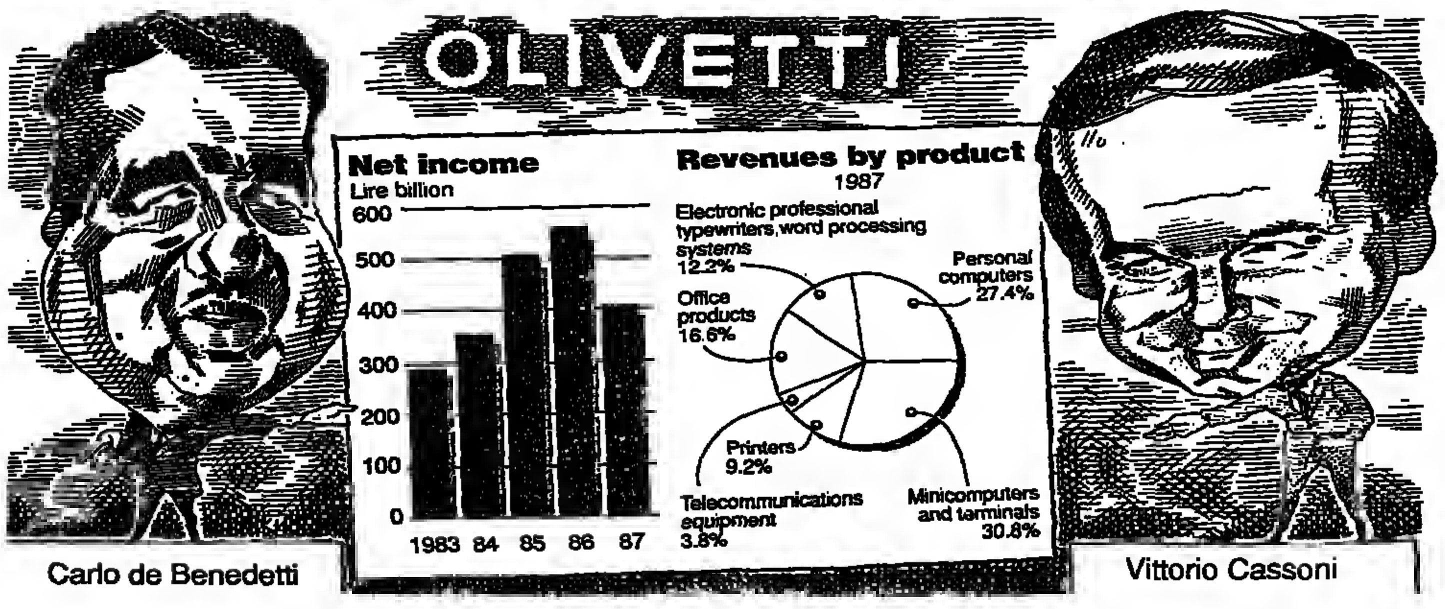
This is Mr Maxwell's third attempt to take over a major US publisher in the past 12 months and he is clearly becoming more determined to succeed.

"I'm in it to win it," the British publisher and chairman of Maxwell Communication Corporation said earlier this week.

Apart from arguing that his offer is now higher than the KKR bid, he is taking legal action against a "crown jewels" lock-up agreement with KKR.

Under the lock-up provision, KKR has the right to buy for $865m four key businesses in the Macmillan group if the takeover offer fails in the face of a higher bid or other obstacles.

The four are directory division, Michie, direct marketing and Berlitz Language Centres.



Carlo de Benedetti

Vittorio Cassoni

De Benedetti's key to the 1990s

Alan Friedman on the unveiling of Olivetti's far-reaching reorganisation

TEN years ago an aggressive Piedmontese businessman by the name of Carlo De Benedetti bought himself a minority shareholding in a loss-making typewriter company and installed himself as group managing director.

The company was called Olivetti and over the past decade Mr De Benedetti has transformed the Ivrea-based concern into the leading European-owned maker of personal computers (PCs) and one of the world's biggest and most financially sound office automation groups.

The past 12 months, however, have not been easy for Olivetti. This does not mean mistakes have been made, rather it reflects the challenges faced in a fast-changing market where US computer companies keep spawning new innovations and products.

Mr De Benedetti has been justly hailed for his textbook turnaround of the company between 1978 and 1983, complete with a series of hefty recapitalisation moves, investment in new technology and drastic reductions in the workforce.

The 1983 "alliance" with American Telephone & Telegraph (AT&T) was a shrewd move, which brought equity capital into Olivetti when the US telecoms giant became the biggest single shareholder and opened up the North American market for Olivetti PCs.

Today, Olivetti is a group that derives only 12 per cent of its revenues from typewriters, with larger slices of turnover coming from personal computers (27 per cent) and minicomputers and terminals (31 per cent).

However, the world market for manufacturers of PCs and minicomputers is going through a difficult phase. Margins are being squeezed by over-supply and the rising cost of electronic components and a genuinely Darwinian shake-out is underway. The winners, say analysts, will be those companies that are able to achieve success that goes beyond the sale of hardware or software.

It is not enough to do what Olivetti has done, namely to achieve Europe's biggest marketing network for low-margin and high-volume personal computers. It is not enough to become what some analysts unkindly describe as a "seller of boxes." In future, the truly profitable survivors will be those companies which turn themselves into efficient sellers of integrated systems, complete with value-added services and high-tech solutions for business users.

This was the backdrop to yesterday's unveiling of a far-reaching corporate reorganisation at Olivetti which Mr De Benedetti said was a logical consequence of the realities of the world market and an attempt to create a winning model for the 1990s.

The reorganisation, which has implications for Olivetti's command structure, top and middle-level managements and possibly its short-term profitability, follows a 24 per cent drop in first-half profits, attributed largely to the tightening margins in the information technology industry.

The Olivetti restructuring also comes against the backdrop of a reassessment of the Italian company's rapport with AT&T. Henceforth, as Mr De Benedetti has explained, while AT&T will continue to hold 21.23% of Olivetti stock, the relationship will depend upon business sense and commercial logic.

The reorganisation will see Mr Vittorio Cassoni, the whiz-kid Olivetti group managing director who was brought back from a stint at AT&T last May, presiding over a new holding company. Three separate business units reporting to Mr Cassoni will aim to achieve cost-savings, greater efficiency, faster reaction time to the changing market and a more entrepreneurial spirit at Olivetti.

These three units, which by 1990 are to become fully fledged subsidiary companies, will be:

- Olivetti Office, consisting of the existing consumer products for text, data and image management (calculators, typewriters, text processors, home personal computers, cash registers, printers, copiers, facsimile, telex and office furniture). This division will be run by Franco Tatò, the man who most recently has brought Olivetti's Triumph-Adler subsidiary in West Germany out of loss and into a break-even position.
- Olivetti Systems and Networks, the data processing business grouping professional, personal and minicomputers, local area networks, terminals, workstations, telecoms systems, mainframes and related software. This will be run by Luigi Mercurio, who in 1984 founded David Systems Inc, a US private telecoms equipment maker.
- Olivetti Information Services, the business that seeks to generate the most value-added and service-based earnings by offering business users software, networks, voice/data services, education and training and electronic publishing. Mr Franco De Benedetti, brother of Carlo, will head this division.

In addition to the three units there will also be a Technological Activities Group to manage Olivetti's investment in dozens of special technology and software companies.

Of the 600 middle-level Olivetti managers who were briefed yesterday morning on the plan, it is likely that a few dozen will find themselves out of a job. Olivetti said it could not quantify the costs of the reorganisation because the main cost will be in reallocating people from one division to another.

Mr De Benedetti said that as from January 1, when the restructuring is implemented, Mr Levi would be "available to me for special projects and missions." Olivetti officials, although pressed for more details, would not comment beyond this general statement and rumours are rife that Mr Levi may eventually leave Olivetti.

Mr De Benedetti himself says he plans to commit himself more fully to Olivetti after the "turbulent period" of his battle for Société Générale de Belgique last spring. The Olivetti chairman also says he is considering an increase in his shareholding in the company, which at present stands at 19.14 per cent.

In Milan, Gianni Allavena, an analyst at SIGE, the investment bank, said the restructuring "will not be easy, but it was certainly necessary." A senior analyst in New York said that the Olivetti move looked as though it was more than just cosmetic and was very much in line with the trend elsewhere in the information technology industry. The consensus view, at this early stage, is that the restructuring addresses all the right issues and will take much time.

Olivetti this year is expected to achieve sales of between L8,000bn ($5.7bn) and L8,500bn and a net profit roughly in line with last year's L402bn.

Mr De Benedetti yesterday described the reorganisation as the start of his second decade at Olivetti and promised to stay on for another 10 years. The challenge that he and the company face now is potentially as large-scale as the first Olivetti transformation he began in 1978. See Lex, Page 20

IEL profits tumble to A$44.2m

By Chris Sherwell in Sydney

Last October's stock markets crash and its aftermath have sharply reduced profits at Industrial Equity (IEL), the Australian investment arm of New Zealand entrepreneur Sir Ron Brierley's international business empire.

For the year to June, IEL's after-tax operating profit was A$44.2m, one-fifth of the previous year's A$230.1m. Equity-accounted profit was A$58m, one quarter of the 1986-87 result.

The fall was the first in several years, but much in line with forecasts in Sir Ron's special report to shareholders issued in March. It came on the back of a doubling in revenues to A$5.7bn. These included a 140 per cent rise in non-sales revenues to A$3.24bn.

A proforma balance sheet shows marginally higher total assets of A$6.1bn and reduced liabilities of A$3.77bn, leaving net assets of A$2.33bn, up from A$1.69bn a year earlier.

One major profit contribution came from an improved performance at Industrial Equity Pacific (IEP), which increased earnings from A$75m to A$125m. IEP is 51 per cent owned by IEL, and another 18 per cent is held by IEL's parent, New Zealand-based Brierley Investments.

A possible merger of Brierley Investments and IEL is under review, and Sir Ron said in his chairman's report to shareholders that, as part of this move, the future status of the investment in IEP was under scrutiny.

In a stinging attack on what he called Australian "tax terrorism," he said there were "new and unacceptable tax imposts" which made it uncertain whether shareholders could enjoy the benefits of indirect ownership of overseas subsidiaries such as IEP.

Sir Ron admitted results were "certainly disappointing," and IEL had been "more exposed to uncontrollable external influences than was ever consciously intended." Moreover, there was "still some way to go" before IEL could be regarded as having a coherent growth profile for the 1990s.

But he called it a "clean" result, saying it included all write-offs and losses on the sale of what he describe as "expendable" stocks, and also a substantial provision of A$53m against the book value of a 21 per cent stake in Consolidated Exploration.

He also said IEL's actual position had improved far more than the profit and loss figures reflected. Between December and June, for example, the investment fluctuation provision had moved to a surplus of A$327m from a deficit of A$276m.

Despite the profit fall, the group maintained its 20 per cent dividend, fully franked and said it did not propose any share issues at present. In another day of narrow movements on the stock market, IEL's shares finished three cents higher at A$1.40.

Bond lifts Allied stake to 11%

By Lisa Wood

MR ALAN BOND, the Australian entrepreneur, has lifted his stake in Allied-Lyons from 7 per cent to 11.08 per cent, provoking an angry reaction from the UK food and drink group, which revealed it had been close to reaching agreement with him on a joint venture in Europe.

Sir Derrick Holden-Brown, chairman of Allied said: "On April 22 when their shareholding stood at 7 per cent . . . I wrote to Mr Bond making it clear that we would regard further share purchases as unfriendly.

"Since then we have instigated and brought close to conclusion proposals to form a joint venture, 60 per cent Allied and 40 per cent Bond, to acquire the ownership of certain Bond brands and to develop a comprehensive marketing strategy for the whole of Europe." Allied said it regretted that the Bond Corporation had decided to build its stake without explanation of its intentions which, it added, must now be regarded as "questionable."

The joint venture would market Bond's Swan and Castlemaine XXXX lagers, which are currently brewed and distributed under licence by Allied.

The announcement came after the close of stock market trading. Allied's shares have been buoyed over the past week by large purchases, with speculation that a buyer other than Bond had been in the market.

Allied's shares closed at 469p last night, but dropped in after hours trading to 456p.

Analysts said they did not believe Bond's latest share build-up was a prelude to a bid. They estimate Allied could command a takeover price of up to £6bn ($10.08bn) and Bond Corporation is currently digesting its acquisition in Australia of Bell Corporation, the former vehicle of Mr Robert Holmes à Court.

Bond executives are currently at a scheduled group conference in Honolulu. A statement said it had lifted its stake but it had no further comment to make.

Bond Corporation, the world's fourth largest brewer, started to build its stake in Allied before the October stock market crash. The Australian brewer's brands are an important part of Allied's improved lager portfolio.

For Bond, a joint venture with Allied could be an important bridgehead into the Continental beer market.

See Lex, Page 20

Eleco Holdings plc

Another step forward

EXTRACTS FROM FINANCIAL ACCOUNTS

	AUDITED YEAR ENDED 30th JUNE 1988	AUDITED YEAR ENDED 30th JUNE 1987
TURNOVER	£48.0m	£34.2m
PROFIT BEFORE TAX	£5.4m	£3.6m
EARNINGS PER SHARE	16.9p	13.2p
DIVIDEND PER SHARE	6.2p	5.5p
NET ASSETS	£33.1m	£24.2m

★
Earnings per share up by 28.0%
★
Net assets up by 36.8%
★
Profit before taxation up by 50.0%
★

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The contents of this advertisement, for which the Directors of Eleco Holdings plc are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by an authorised person.

VW to build DM3bn car assembly plant in Spain

By Kevin Done, Motor Industry Correspondent

VOLKSWAGEN, the West German automotive group, is to build a car assembly plant in Spain as part of the expansion of its local Saat operations.

Mr Carl Hahn, Volkswagen chairman, said the plant will have a capacity to build 1,500 cars a day, close to 350,000 units a year, and will come into operation in 1992.

The plant is to be located at Martorell, near Barcelona, and will form part of VW's DM8.5bn ($4.5bn) spending plans for its Spanish operations over the next 10 years. Mr Dieter Ullsperger, VW finance director, said the new plant would cost close to DM3bn.

Mr Hahn said VW would maintain its two Spanish plants at Barcleona and Pamplona, reversing an earlier plan to close the Barcelona location.

VW is developing Seat in Spain as its European small car production centre. It acquired a 75 per cent stake in the Spanish car producer in two stages in 1986, and will move to 100 per cent control by the end of 1990.

The new production capacity will be added to output of around 450,000 units a year, said Mr Hahn, of which Seat models account for some 350,000 and local assembly of the VW Polo around 100,000.

He said the group aimed to increase Seat sales to more than 500,000 units "in the foreseeable future" and the balance of the Spanish production would be used to assemble VW products.

VW had considered completely transferring assembly of its Polo small car to Spain from West Germany, but has postponed such a step in the face of opposition from the German trades unions.

The group is assembling some 500 Polos a day at Pamplona or 115,000 cars a year, but the plant is working at little more than 50 per cent of its 850-900 units a day capacity.

As part of the financing of its Spanish plans, VW has switched into pesetas some $120m of a DM800m bond with warrants it issued last week.

Following the sale by the West German Government of its 20 per cent stake in VW, the company has begun to widen its presence in international capital markets.

VW shares will be listed in both London and Paris this week, and Mr Ullsperger said they should also be quoted in Tokyo by November/December.

Since July the company has also had a sponsored unlisted ADR programme in the US, but Mr Hahn said a stock exchange listing in New York was currently ruled out because of the "substantial extra burden" of complying with US reporting requirements.

Marriott earnings up in third quarter

By Deborah Hargreaves in New York

MARRIOTT, the US hotels and food service group, yesterday reported a 19 per cent rise in third-quarter earnings after a strong performance in all of its three main divisions.

Earnings per share rose to 50 cents from 42 cents in the same period last year, with net income up to $58.2m from $56.7m.

The net income figure was affected by higher interest expenses in connection with the company's share repurchasa programme, which it launched this year.

Third-quarter sales rose 12 per cent, to $1.67bn from $1.5bn.

Mr J.W.Marriott, the company's chairman and president, said he continued to expect "solid gains for the balance of the year." Marriott is carrying out an aggressive expansion of its hotel chain involving tha additiou of 87 new hotels in the last year.

In the first nine months of this year, the company posted a strong gain in its per share income to $1.39 from $1.17 in the same 1987 period, with net income increasing 4 per cent to $167.5m from $161.3m.

Net income will continue to be slightly dilnted by the company's share buy-back plan, under which it expects to purchase 20m shares by end-1988.

Sales for the nine months rose to $5bn from $4.4bn in the corresponding 1987 period. Marriott's share price was unchanged yesterday at $30⅝.

McGraw-Hill education deal

MCGRAW-HILL, the New York book and magazine publisher, has bought the college and school-book division of Random House for an undisclosed sum, marking a further restructuring of US publishing.

Mr Joseph Dionne, chairman, said McGraw-Hill was attracted to the acquisition by forecasts of strong growth in the education market, a key sector for the company.

At the same time, the company was continuing to divest itself of peripheral businesses such as general books and its training division. Several analysts suggested the deal might be worth more than $100m.

McGraw-Hill has been a rumoured takeover candidate for more than two years. It has yet to attract a concrete offer although many of its competitors have beeu involved in fierce fights for independence.

To try to fend off raiders, McGraw-Hill has managed to wring some improvement out of lagging business sectors, such as its book division. Moreover, BusinessWeek, its leading magazine, has held up better through a decline in finaucial advertising than many of its competitors.

It has also disposed of fringe activities

Goodyear keeps grip on top spot

John Griffiths on a US group's plans to fend off 'Japan Inc'

Goodyear,the world's largest tyre maker, plans to reduce its $3bn-plus debt burden sharply by the end of uext year and is well on target to do so, according to Mr Robert Mercer, its chairman.

He predicts the heavy debt load the company is still carrying, from spending $2.6bn to fend off a hostile takeover attempt led by Sir James Goldsmith, would be reduced to 50 per cent of capital by the end of next year.

That compares with 67 per cent now and 82 per cent in the *immediate aftermath of the* Goldsmith "raid" two years ago, of which Mr Mercer, 64, still speaks with coutrolled anger.

Even at 50 per cent, Goodyear's indebtedness would still be well above its customary pre-raid levels.

"Fifty per cent is still high; we traditionally think in terms of 35," said Mr Mercer during a stop-over in London to meet investors. "But I'm not sure that the old measurements are appropriate any more. Our competitors carry high debt-to-equity ratios and it doesn't seem to be tronblesome to them."

A greater concern now is to maintain and increase the capital investment and research and development levels it regards as necessary to preserve its world "number one" status in the face of mounting competion.

Goodyear, based in Akron, Ohio, made a record net profit of $770.9m last year on net sales of $9.9bn, up sharply from $124.1m on a $9.04bn turnover a year earlier, although nearly $260m of this was accounted

Robert Mercer: tackling $3bn-plus debt burden

for by asset sales.

In the first half of this year sales are ahead by a further 10.9 per cent, although profits were less than hoped at $230.2m.

Research and development spending is in excess of $270m in the current year, and Mr Mercer makes clear that Goodyear has no option but to maintain high investment levels if it is to ward off the challenge to its world-leading position. This challenge has amerged this year in the form of the takeover by Bridgestone of Japan of Firestone of the US, as well as a longer-standing one from Michelin of France .

And while he insists that the takeover of Firestone has not provided Bridgestone with "one bit of extra capacity" – requiring Bridgestone to cut Firestone tyre output if it wants to build up Bridgestone's own name in the US – he acknowledges that Bridgestone in the end will be seeking to increase capacity, almost certainly with the hope that it will be at Goodyear's expense.

In North America at least, Bridgestone would be helped in this respect by its favourable position with Japanese "transplant" vehicle manufacturing operations in the US, from which 1.5m cars and vans a year are expected to flow by the end of the decade.

Like other aspects of "Japan Inc," suggests Mr Mercer, Bridgestone is after "world domination" of the tyre industry.

However, "we will not yield number one as long as we keep our research and development focused. Technologically, we've got a head start on them".

Reminded that Bridgestone scored a major publicity coup for its technology when Porsche made it the sole supplier for its near-200mph 959 model, Mr Mercer declares that "it was most the most expensive supply contract ever for Bridgestone – technically they simply can't do it across the board."

Central to Goodyear's debt reduction strategy,however, is the sale of the 1,250-mile trans-America oil pipeline it built as part of its diversification strategy.

Goodyear has held preliminary talks with a consortium on its sale, but Mr Mercer is unforthcoming about its identity. However, he insists that the sale – Goodyear is asking $1.4bn – should go ahead within the time frame to meet next year's debt reduction target.

The pipeline sale plans are running parallel with cost-cutting and productivity measures being applied to Goodyear's plants – numbering more than 80 worldwide – as it moves away from a vertically integrated structure in favour of developing horizontally two separate global business: tyres and general products.

Putting the necessary structures into place is well advanced. Both divisions are being given substantial amounts of autonomy in order to adapt the operations of the tyre division, in particular, to suit the rapid globalisation of the vehicle industry which it supplies.

Currently, Goodyear is in the middle of a two-month programme to streamline its managerial operations in the US. "We're taking out a tier of vice-presidents and other senior managers as part of the shift to the global, horizontal structure," says Mr Mercer.

At lower levels, the worst of the post-Goldsmith cutbacks may be over – following a fall in total employment from 150,000 to 115,000 – for lack of demand is said to be not one of Goodyear's problems.

Manufacturing efficiency has been improved to the point where only 10 man-minutes are needed to make a typical tyre in a Goodyear plant in the US, compared with 30-40 minutes in many other non-Goodyear plants, says Mr Mercer.

And through using existing capacity much more intensively, involving wholesale moves to seven-day, multi-shift working, Goodyear claims to have got its unit cost down to a lower level than in South Korea, "despite a US worker needing to be paid $18 an hour compared with $3 an hour for a South Korean."

TVX to start work on Chile gold mine

By John Barham in Sao Paulo

TVX, a Canadian-owned company based in Rio de Janeiro, is soou to begin working a $200m Chilean gold mine which it says coutains 5m ounces of gold.

Mr Ian Trelford, a senior TVX executive, said the La Coipa mina will come ou stream uext January and should produce 100,000 ounces of gold.

Ontput is planned to increase to 500,000 ounces a year after 1991, when the mine's second phase expansion is complete.

Mr Trelford said he and other Canadian investors created TVX five years ago to "join the Brazilian gold rush." It uow has minority stakes in four gold mines.

Its Brazilian partner is Mr Ielke Batista, son of a prominent mining executive.

Mr Batista and TVX, which bought the La Coipa mine from Consolidated Gold Fields in January 1987 for $30m, have become increasingly interested in Chile.

TVX has financed its activities with bank lending and $150m of equity raised ou the Torouto Stock Exchange and through debt swap operations. The $160m second phase expansiou of La Coipa will be financed through an exchange of Chilean debt for TVX debt.

The company lost mouey until 1987, when it broke even. It forecasts a $10m profit this year, rising to $40m in 1991.

Du Pont to build $25m Texas plant

DU PONT is to spend $25m building a commercial-scale plant to make substitute chemicals for the chlorofluorocarbons suspected of damaging the ozone layer, writes Peter Marsh.

The plant, in Corpus Christi, Texas, will produce HFC-134a, an alternative to a chlorofluorocarbon called CFC-12 which is used in refrigeration.

The company said earlier this year it was phasing out its production of the chemicals in response to fears about their environmental effects.

Roche to sell US cancer drug in Europe

By Peter Marsh

F. HOFFMANN-La Roche, the Swiss pharmaceutical company, yesterday announced an agreement under which it will sell in Europe a new US-developed drug that could have a big impact in treating cancer.

The agreement is with Amgen, a US biotechnology company that has developed Neupogen, a medication based on a naturally occurring hormone which can strengthen the immune system by stimulating the production of white blood cells.

Scientists believe drugs like Neupogen, which is in the late stages of trials on patients, may have a role in helping the body to fight bacterial infections which commonly are associated with some forms of cancer.

Amgen and Roche hope to apply next year for product licences to sell the product, in the US and Europe respectively. Under the normal procedures for licensing medications, the formulation could be expected to go on sale in the early 1990s.

Ms Sarah Gordon, an analyst at Hambrecht & Quist, a New York bank, said Neupogen could be a significant product with annual sales of up to $400m by the mid-1990s.

Several rival pharmaceutical companies are developing drugs similar to Neupogen, which is based on a hormone called Granulocyte Colony Stimulating Factor (GCSF). Of these companies, Chugai of Japan is thought to be the nearest apart from Amgen in putting its product on general sale.

Roche said yesterday it did not want to elaborate on the terms of the agreement with Amgen. It said Neupogen was an interesting product and a "fantastic opportunity."

This announcement appears as a matter of record only.

New Issue *29th September, 1988*

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AIBD The Association of International Bond Dealers

AIBD Reporting Requirements

United Kingdom-based members of AIBD will have to report all transactions in international securities to the Association from April 3, 1989. AIBD reporting dealers and inter-dealer brokers will have to report transactions with professional counterparties from January 3, 1989.

On October 1, 1988 new AIBD rules will come into effect that impose reporting requirements on members of the AIBD which carry on investment business in the United Kingdom and who are subject to a requirement to report transactions in international securities under rules made pursuant to, or by any self-regulatory organization recognized under, the Financial Services Act 1986.

Members falling in that category must subscribe to the AIBD Trax system for the purposes of transaction matching and must report to the AIBD every transaction in international securities, whether or not entered into with a member of the AIBD.

AIBD reporting dealers must, from January 3, 1989, report via Trax every transaction in international securities entered into with another reporting dealer or an inter-dealer broker. Inter-dealer brokers must from the same date report all transactions in such securities with reporting dealers.

Details of the rules will be mailed to members early October, 1988.

It is imperative that members affected by the new rules have appropriate resources in place to connect to Trax by the dates applying to them. For further information on Trax members are asked to contact AIBD (Systems and Information) Limited in London on 538 5656.

John Wolters
Secretary General

INTERNATIONAL COMPANIES AND FINANCE

Spanish one-arm bandit on Soviet jackpot trail

Tom Burns looks at an odd business gamble

When Spain's top one-arm bandit manufacturer sits down next week to talk exclusive gambling deals and joint ventures with senior Soviet officials he might well reflect on how the long road to Moscow, and to a jackpot of roubles, started at a US military base.

Mr Joaquin Franco, who owns Recreativos Franco with his younger brother, Jesus, first heard the clatter of a pinball's flippers and the jingle of a beckoning fruit machine in the early 1960s when he was a barman at the USAF base of Torrejon de Ardoz, near Madrid.

Franco junior, who was then a migrant worker in West Germany and had acquired some mechanical skills, was summoned home by his elder brother and the two set about building for Spaniards the games the Americans played.

Twenty-five years on the Franco brothers are poised to build them for *perestroika* punters. Mr Joaquin Franco has discovered that the Soviet authorities "are in a real hurry for our machines."

Next week's talks in Moscow are the follow-up to a successful pilot scheme that involved the installation in August of gaming rooms with 50 Recreativos Franco machines at Moscow's Intourist and Kosmos hotels and at a further two in Yalta.

The machines swallow up counters worth 25 US cents which can only be bought with foreign currency and they have a $4,000 jackpot. Mr Franco will not reveal how much he is willing to invest in the Soviet Union nor what he expects to make but he does say he is very satisfied with the experiment.

He estimates that average daily earnings per machine in the Soviet Union have been $33 after paying out 80 per cent of what is gambled. The aim now is to create similar 50-machine gambling saloons in some 300 hotels in the Soviet Union and that will only be the start.

Last month Mr Franco was toasted by the State Committee for Foreign Tourism at a reception in Moscow as "the man who will install 150,000 machines over the next 10 years in the Soviet Union."

What the Franco brothers view as an obvious possibility is a joint venture to build and develop in the Soviet Union their range of fruit machines, pinball machines and video games. The Soviet breakthrough was the result of an allegedly heated but always utterly confidential selection process among as many as 40 international gaming machine manufacturers.

No tender was announced and those in the running for the Moscow connection did not even know that their business was being scrutinised.

Mr Franco had been tipped off in May that Moscow might be ready to lift bans on fruit machines. His informant was an acquaintance who had been sent to grow up in the Soviet Union during the Spanish Civil War, had later returned to Spain and has since travelled frequently to Moscow.

When Mr Franco rang up the Soviet Embassy in Madrid, introduced himself as Spain's premier fruit machine builder and operator and asked to speak to the commercial attache, he was quickly put through and told that a letter suggesting a meeting had been posted to him the previous day.

The Soviets had done their homework. They knew that Recreativos Franco had some 25,000 fruit machines operating up and down Spain, mostly in bars, and that it manufactured 480 machines a day. The company's products have earned the backhanded compliment of being the most copied and pirated machines on the Spanish market.

The strength of the company lies partly in its research and development team, which is constantly devising new ways of encouraging people to part with their money. Mr Franco believes that fruit machines are "like pop records" in as far as they are played incessantly at the begining and soon grow stale.

Recreativos Franco machines have a three-month lifespan and are then redesigned to incorporate different payout systems and new jingles.

The other cornerstone of the business is the joint-venture system that Recreativos Franco has created with small operators all over Spain. The mainstream company has more than 200 subsidiaries and each of these is essentially a franchising deal between the Franco brothers, who supply the machine, and the man on the spot, who installs it in the bars of his area and controls the takings.

Clearly the Soviet investigators had liked what they saw of Recreativos Franco. In late June, by this time in Moscow, Mr Franco was asked by officials of the Foreign Tourism Committee how long he would take to create the four experimental gaming rooms.

The Spanish entrepreneur said two months and promised that everything would be ready by August 20. "We had to build the machines, transport them to Moscow and Yalta and decorate the gaming rooms. We took mechanics, painters, carpenters, everything and everybody," says Mr Franco.

The gambling saloons opened on time. The speed of delivery impressed the Soviet authorities. As they sit down now to negotiate further ventures with Mr Franco they will also discover that he is a tenacious man who drives hard bargains because he has come up the tough way.

As a teenager, before he begun work at the Torrejon air base, Mr Franco escaped from subsistence living in his home village in La Mancha by walking for two days and one night to Madrid and to a job scrubbing floors in a rundown bar. The bar still stands but looks more prosperous – it has two gleaming "Baby Bombo" fruit machines, compliments of Recreativos Franco.

Equity earnings help lift Goodman

By Chris Sherwell in Sydney

THE OPERATING profits of Goodman Fielder Wattie, the Australasian food giant, have been hurt by poor trading conditions and heavy interest expenses, the group's latest results showed yesterday.

But stronger equity earnings contributions from its investments, including Ranks Hovis McDougall of the UK, compensated for the setback and brought an overall profit improvement on 1986-87.

In reporting its figures for the year ended June, the group reaffirmed it was seeking offers for its 29.9 per cent holding in RHM, having called off its £1.5bn ($2.60bn) takeover bid last month when it was referred to the Monopolies and Mergers Commission.

The figures, which include eight months of trading results from the merger with Wattie Industries, showed an operating profit after tax and interest of A$103m (US$81m), up a paltry 7.3 per cent on the previous year's A$96m.

Equity-accounted, however, the figure was A$200.3m, up 42 per cent from A$141m. Apart from RHM, the main contribution came from the investment in Elders IXL, held through a joint venture with investment group AFP.

The increased holding costs on these investments meant the burden of interest expenses more than doubled to A$185m from A$89.5m. As a result profit before interest and tax, which had improved to A$392m, stood at A$107m after interest, down on the 1986-87 level of A$128.5m.

On top of this, the group suffered extraordinary losses of A$60.6m, mainly comprising the group's equity share of an extraordinary write-down of assets by Wattie prior to its merger with Goodman Fielder.

Sales and other revenues, on the other hand, showed a strong 33.5 per cent rise revenues to A$2.31bn.

In a statement accompanying the figures, the group said trading profits were lower than expected because of the recession in New Zealand, the lack of competitiveness of the New Zealand meat industry and price discounting in the Australian margarine market.

But it forecast a generally improved performance in 1989 because of lower interest costs following divestments, a better New Zealand outlook and the abatement of margarine discounting in Australia.

The group recommended a final dividend of six cents for a total of 11 cents, up from an equivalent 7.8 cents last year.

Malaysian stockbroker to get listing

By Wong Sulong in Kuala Lumpur

RASHID HUSSEIN Securities, the largest of the 50-odd Malaysian stockbroking firms, has received approval from the government capital issues committee for a listing on the Kuala Lumpur Stock Exchange.

It intends to do so early next year, and will be the first stockbroking firm in South-east Asia to get an exchange listing. It intends to use the new capital raised to expand its overseas business.

Details of its listing proposals are still sketchy, but it is believed the firm will be issuing 25m new shares to the public to bring its paid-up capital to 60m ringgit (US$22.5m).

The shares, with a par value of one ringgit, are expected to be priced at 1.25 ringgit each.

The company is owned by Mr Abdul Rashid Hussein, with 65 per cent, Mr Chua Ma Yu, 30 per cent, and Mr Tajul Ariffin Mohamad Tahir 5 per cent.

The firm has participated in underwriting of 25 public share issues during the past three years.

French chief to take over at Air Afrique

By Nicholas Woodsworth in Abidjan

AIR AFRIQUE, the multinational carrier owned by 10 west, central and Francophone African states, is to be handed over to French management next month, according to officials of the airline in Abidjan.

Executives at the company's headquarters indicated that the director-generalship of the ailing company will go to Mr Yves Roland-Billecart, currently head of the Caisse Central de Co-operation Economique, the French Government's international aid agency.

A change of management has been expected since last August, when heads of state at a regional summit meeting in Cotonou agreed to replace Congo's Mr Auxence Ickonga, Air Afrique's present director-general, with an outsider less susceptible to regional political pressures.

Mr Ickonga's three-year stewardship of Air Afrique has coincided with a deterioration in financial management that has brought the company to the verge of collapse.

Severely undercapitalised, it has been hard hit by its member states' failure to honour both pledged capital increases and arrears for payments on tickets issued to government officials.

Turnover fell from CFA Fr143bn in 1985 to CFA Fr121bn ($378m) in 1987. In 1985 Air Afrique made a profit of CFA Fr882m. In 1986 and 1987 the company posted operational deficits of CFA Fr2.6bn and CFA Fr7bn

Overdrafts from creditors have until now allowed Air Afrique to sustain its accumulated deficit of CFA Fr19bn. Commercial banks, however, are now calling in their loans and Coface, the French export credit insurance agency, has warned suppliers against credit arrangements with the company.

Because of the deteriorating situation, regional heads of state agreed 18 months ago on a rescue plan for Air Afrique. It included cuts in salaries and personnel, the clearing of debts, and an increase in a capital base that is currently less than two-thirds of accumulated arrears.

Mr Roland-Billecart's expected appointment indicates a failure of that plan. The French administrator now promises to raise CFA Fr33bn to bail out the company. Likely sources of funds include French development aid and loans from the African Development Bank.

It is expected that in the near future regional heads of state and transport ministers will relinquish their policy-making and management posts in Air Afrique. No announcement as to an outside replacement team has yet been made, but negotiations have taken place with both Air France and UTA, the private French carrier that has a 20 per cent share in Air Afrique.

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Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 8.3375 per cent for the period 30th September 1988 to 31st October 1988. Interest payable on 31st October 1988 will amount to US$73.32 per US$10,000 Deposit and US$1,837.93 per US$250,000 Deposit.

Agent Bank: Morgan Guaranty Trust Company of New York London

U.S. $100,000,000

National Bank of Detroit

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Notice is hereby given that in respect of the Interest Period from September 30, 1988 to December 30, 1988 the Notes will carry an Interest Rate of 8¾% per annum. The coupon amount payable on December 30, 1988 will be U.S. $218.02 per U.S. $10,000 Note.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

September 30, 1988

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(Incorporated with limited liability in the State of New South Wales, Australia)

US.$500,000,000 Perpetual Capital Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 30th September 1988 to 30th March, 1989 the Notes will carry an Interest Rate of 8.9625 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 30th March, 1989 is US.$450.61 for each Note of US.$10,000 and US.$11,265.36 for each Note of US.$250,000.

Morgan Guaranty Trust Company of New York

Agent Bank.

U.S. $500,000,000

CITICORP

(Incorporated in Delaware)

Subordinated Floating Rate Notes Due January 30, 1998

Notice is hereby given that the Rate of Interest has been fixed at 8.5125% and that the interest payable on the relevant Interest Payment Date October 31, 1988 against Coupon No. 33 in respect of US$10,000 nominal of the Notes will be US$73.30.

September 30, 1988, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

CITICORP

U.S. $500,000,000

Subordinated Floating Rate Notes Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 8.5375% and that the interest payable on the relevant Interest Payment Date October 31, 1988 against Coupon No. 36 in respect of US$10,000 nominal of the Notes will be US$73.52.

September 30, 1988, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

Notices

to the holders of the outstanding

FF 495,000,000
5% Equity Notes Due 2003

of

Yves Saint Laurent S.A.

and to the holders of the Warrants of

Yves Saint Laurent Parfums S.A.

(formerly Yves Saint Laurent International S.A.)

to subscribe ordinary shares of

Yves Saint Laurent S.A.

For the attention of Noteholders and of Warrantholders

Under the terms of the Trust Deed constituting the above Equity Notes of Yves Saint Laurent S.A. ("YSL"), and of the Deed Poll constituting the above Warrants of Yves Saint Laurent Parfums S.A. ("Parfums"), YSL is obliged to use its best endeavours to procura a listing for its Ordinary Shares on the *second marché of the Paris Stock Exchange not later than 30th November, 1988 (under the Trust Deed) or 29th December, 1989 (under the Deed Poll).* The Trust Deed also requires YSL to use its best endeavours to procure that a listing for its shares on the cote officielle of the Paris Stock Exchanga will be granted not later than 31st October, 1992.

YSL is proposing to postpone the latest date for the listing of its shares on the second marché to 15th November, 1993, with the listing on the cote officielle to be granted as soon as practicable after the listing on the second marché.

YSL is offering Noteholders additional "put" options to require repayment of Notes in cash at 107% of their nominal amount on 2nd January, 1989 (such option being exercisable between 23rd November, 1988 and 8th December, 1988, both dates inclusive), or at 118% of their nominal amount on 2nd January, 1992 (such option being exercisable between 15th and 30th November, 1991, both dates inclusive). The option for repayment on 2nd January, 1992 will not be exercisable if YSL's shares are listed on the second marché of the Paris Stock Exchange by 15th November, 1991.

YSL also proposes to surrender its existing option to repay in cash (rather than YSL shares) any Nota deposited for repayment on or after 2nd January, 1991.

YSL is accordingly convening a Meeting of the Noteholders and YSL and Parfums are convening a Meeting of the Warrantholders by the Notices below to request their agreement by Extraordinary Resolutions to the proposals set out above.

Full details of the background to, and the reasons for, the proposed modifications and the Extraordinary Resolutions are contained in an Explanatory Letter prepared by YSL and Parfums dated 30th September, 1988, copies of which are available for collection by Noteholders and Warrantholders at the offices of the Paying and Warrant Agents specified below. The Explanatory Letter also contains (*inter alis*) the form of the Conditions of the Notes as to Redemption and Purchase as they will be if the Extraordinary Resolution of Noteholders is passed together with the financial statement of YSL for the year ended 31st December, 1987. YSL is hosting an investor information meeting in Paris on 14th October, 1988 at *2nd Floor, 7, Avenue Georges V, 75008 Paris at 11.00am.*

For the attention of Noteholders

NOTICE OF MEETING

Notice is hereby given to the holders (the "Noteholders") of the outstanding FF 495,000,000 5% Equity Notes Due 2003 (the "Notes") of Yves Saint Laurent S.A. ("YSL") which are constituted by a Trust Deed (the "Trust Deed") dated 20th November, 1987 between YSL and The Law Debenture Trust Corporation p.l.c. (the "Trustee") that a Meeting of the Noteholders convened by YSL will be held at Grindall House, 25, Newgata Street, London EC1A 7LH on 24th October, 1988 at 12.00 noon (London time) for the purpose of considering and, if thought fit, passing the following Extraordinary Resolution:

Extraordinary Resolution

"That this Meeting of the holders of the outstanding FF 495,000,000 5% Equity Notes Due 2003 (the "Notes") of Yves Saint Laurent S.A. ("YSL") *constituted by the Trust Deed dated 20th November,* 1987 *(the "Trust Deed") made between YSL and The Law Debenture* Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders") hereby:-

(1) assents (subject to the conditions contained in the Explanatory Letter dated 30th September, 1988, a copy of which has been initialled for the purposes of identification by the Chairman of the Meeting) to the modification of the Terms and Conditions of the Notes as printed on the reverse of them and in Schedule 1 to the Trust Deed and to the provisions of the Trust Deed (a) by the deletion from Clause 7(xix) of the Trust Deed and from Condition 8(iv) of "30th November, 1988" and its replacement by "15th November, 1993", and the deletion of "and in any event not later than 31st October, 1992"; and (b) by the replacement of Condition 4 by a new Condition 4 in the form set out in the draft Supplemental Trust Deed produced to this Meeting (a copy of which has been initialled for identification by the Chairman of the Meeting).

(2) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders and the holders of the coupons relating to the Notes against YSL involved in or resulting from the modifications referred to in paragraph 1 of this Resolution; and

(3) authorises and requests the Trustee to concur in the modifications referred to in paragraph 1 of this Resolution and, in order to give effect to them, forthwith to execute a Supplemental Trust Deed in the form of the said draft produced to this Meeting with such amendments (if any) to it as the Trustee shall require."

The attention of Noteholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Trust Deed (including the Terms and Conditions of the Notes) and the draft Supplemental Trust Deed referred to in the Extraordinary Resolution set out above are available for inspection by Noteholders at the specified offices of the Paying Agents set out below.

In accordance with normal practice the Trustee expresses no opinion on the merits of the proposed modifications but has authorised it to be stated that it has no objection to the Extraordinary Resolution being submitted to the Noteholders for their consideration.

Voting and Quorum

1. A Noteholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Note(s), or a valid voting certificate or valid voting certificates issued by a Paying Agent relating to the Nota(s) in respect of which he wishes to vote.

A Noteholder not wishing to attend and vote at the Meeting in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give voting instructions (on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) *instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.*

Notes may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by CEDEL S.A. or the Operator of the Euro-clear System or any other person approved by it, not later than 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjournment of such Meeting), for the purposes of obtaining voting certificates or giving voting instructions in respect of the Meeting. Notes so deposited or held will not be released until the first to occur of the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting) and the surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjournment of such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

2. *The quorum required* at the *Meeting is two or more persons present* in *person holding Notes* or *voting certificates or being proxies and holding or* representing in aggregata not less than two-thirds in principal amount of the Notes for tha time being outstanding (as defined in the Trust Deed). If within 30 minutes from the time appointed for the Meeting a quorum is not present the Meeting shall stand adjourned to the same time and place on 14th November, 1988. At such adjourned Meeting the quorum shall be two or more persons present in person holding Notes or voting certificates or being proxies and holding or *representing* in the aggregate *not less than one third in principal amount of the Notes* for the time being outstanding.

3. Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting or by one or more persons holding one or more Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two per cent in principal amount of the Notes then outstanding. On a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vota in respect of each FF 1,000 principal amount of Notes so produced or represented by the voting certificates so produced or in respect of which he is a proxy.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast. If passed, tha *Extraordinary Resolution will be binding* on *all the Noteholders, whether or not present at such Meeting, and upon all the holders of the Coupons* appertaining to the Notes.

Yves Saint Laurent S.A.
30th September, 1988

For the attention of Warrantholders

NOTICE OF MEETING

Notice is hereby given to the holders of the Warrants (the "Warrants") to subscribe Ordinary Shares of Yves Saint Laurent S.A. ("YSL") issued by Yves Saint Laurent Parfums S.A. ("Parfums") and constituted by an instrument by way of deed poll dated 29th December, 1986 entered into by Parfums and YSL as amended by a *supplemental instrument by way of deed poll dated 28th October, 1987 that a Meeting of the holders of such Warrants convened by* Parfums and YSL will be held at Grindall House, 25 Newgate Street, London EC1A 7LH on 24th October, 1988 at 12.15 p.m. (London time) (or as soon thereafter as the Meeting of Noteholders referred to above has been completed or adjourned) for the purpose of considering and, if thought fit, passing the following Extraordinary Resolution:

Extraordinary Resolution

"That this Meeting of the holders of the Warrants (the "Warrants") to subscribe Ordinary Shares of Yves Saint Laurent S.A. ("YSL") issued by Yves Saint Laurent Parfums S.A. ("Parfums") and constituted by an instrument by way of deed poll dated 29th December, 1986 entered into by Parfums and YSL as *amended by a supplemental instrument by way of deed poll dated 28th October, 1987 (together the "Instrument") hereby:-*

(1) assents to the modification of Condition 4(b) of the Warrants as printed on the reverse of them and in Schedule 1 to the Instrument and Clause 3(A)(x) of the Instrument by the deletion of "29th December, 1989" and its replacement by "15th November, 1993";

(2) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Warrantholders against Parfums and YSL involved in or resulting from the modifications referred to in paragraph 1 of this Resolution; and

(3) approves the execution by Parfums and YSL of the Second Supplemental Instrument in the form of the draft produced to this Meeting and for the purposes of identification initialled by the Chairman of the Meeting".

The attention of Warrantholders is particularly drawn to the quorum required for the meeting and for an adjourned meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Instrument (including the Terms and Conditions of the Warrants) and the draft Second Supplemental Instrument referred to in the Extraordinary Resolution set out above are available for inspection by Warrantholders at the specified offices of the Warrant Agents set out below.

Voting and Quorum

1. A Warrantholder wishing to attend and vote at the Meeting in person must produce at the meeting either the Warrant(s), or a valid voting certificate or valid voting certificates issued by a Warrant Agent relating to the Warrant(s) in respect of which he wishes to vote.

A Warrantholder not wishing to attend and vote at the Meeting in person may either deliver his Warrant(a) or voting certificate(s) to the person whom he wishes to attend on his behalf or give voting instructions (on a voting instruction form available from the specified offices of the Warrant Agents set out below) instructing a Warrant Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

Warrants may be deposited with any Warrant Agent or (to the satisfaction of such Warrant Agent) held to its order or under its control by CEDEL S.A. or the Operator of the Euro-clear System or any other person approved by it, not later than 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjournment of such Meeting), for the purpose of obtaining voting certificates or giving voting instructions in respect of the Meeting. Warrants so deposited or held will not be released until the first to occur of the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting) and the surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjournment of such Meeting) is convened, the voting instruction receipt(a) issued in respect thereof.

2. The quorum required at the Meeting is two or more persons present holding Warrants or voting certificates or being proxies and holding or representing in the aggregate not less than 75 per cent of such Warrants for the time being remaining unexercised. If within half an hour from the time appointed for the Meeting a quorum is not present the Meeting shall stand adjourned to the same time and place on 14th November, 1988. At such adjourned Meeting the quorum shall be two or more persons present holding Warrants or voting certificates or being proxies and holding or representing in the aggregate over 50 per cent of such Warrants so held or represented.

3. Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting or by one *or more persons holding one or more Warrants or voting certificates or being proxies and holding or representing in the aggregata not less than two per* cent of the Warrants then remaining unexercised. On a show of hands every person who is present and produces a Warrant or voting certificate or is a proxy shall have one vote. On a poll every person who is present shall have one vote in respect of each Warrant so produced or represented by tha voting certificate so produced or in respect of which he is a proxy.

4. To be passed, the *Extraordinary Resolution requires a majority in favour consisting of not less than 75 per cent of the votes cast. If passed,* the Extraordinary Resolution will be binding on all the Warrantholders, whether or not present at such Meeting.

Yves Saint Laurent Parfums S.A.
Yves Saint Laurent S.A.
30th September, 1988

Paying and Warrant Agents

Bankers Trust Company	**Banque Internationale à Luxembourg S.A.**	**Credit Suisse**
Dashwood House	2 Boulevard Royal	Paradeplatz 8
69 Old Broad Street	L-2953 Luxembourg	CH-8001 Zurich
London EC2P 2EE		

YSL is a société anonyme incorporated under the laws of the Republic of France on 15th September, 1981, expiring, unless extended, on 15th September, 2080. Registered office 5, Avenue Marceau, 75116 Paris. Share capital 909,442,300 French Francs. RCS number: Paris B 322 579 301.

Parfums is a société anonyme incorporated under the laws of the Republic of France on 30th May, 1984 expiring, unless extended, on 30th May, 2083. Registered office: 28-34, Boulevard du Parc, 92521 Neuilly-sur-Seine. Share capital 1,360,992,800 French Francs. RCS number: Nanterre B 329 746 945.

This notica has been approved by an authorised person for the purposes of the Financial Services Act 1986 of the United Kingdom.

FUJI BANK

THE FUJI BANK, LIMITED
TOKYO

is pleased to announce
the opening of its new subsidiary

FUJI BANK (DEUTSCHLAND)
AKTIENGESELLSCHAFT

in Frankfurt am Main on October 1st, 1988.

Main business:

- underwriting and placement of DM securities
- dealing in DM bonds and equities
- investment advisory and portfolio management for institutional investors

Other business:

money market and foreign exchange
international credit

Capital: 80 Million Deutschmarks

Board of Managing Directors
Naomichi Tsuji
Dr. jur. Wilhelm Pigorsch
Toyoaki Shibayama

FUJI BANK (DEUTSCHLAND)
AKTIENGESELLSCHAFT

P.O. Box 10 08 64
Mainzer Landstraße 46, 6000 Frankfurt/Main 1
Telephone (0 69) 17 09 00
Telefax (0 69) 7 24 10 34, Telex 4 16 535 fjbkf

INTERNATIONAL COMPANIES AND FINANCE

Mystery buyers send Bouygues shares up 20%

By Paul Betts in Paris

A VEIL of mystery still hung on the Paris Bourse last night over the mystery buyers of substantial blocks of shares in the Bouygues construction and communications group.

Intense speculation and buying sent Bouygues' shares 20 per cent higher yesterday after a similar 20 per cent increase on Wednesday. A total of 283,000 shares were traded yesterday or the equivalent of 2.4 per cent of Bouygues' outstanding share capital. On Wednesday 6 per cent of the capital changed hands.

The Bouygues shares were again suspended several times yesterday and are expected to be the centre of further hectic activity today when trading resumes.

Brokers said there had been large orders in London and New York yesterday for the shares in the world's leading construction group, which also controls the privatised French TF-1 television network.

Senior Bouygues officials were at a loss to explain the agitation over the share price and claimed that they did not know who was buying.

They also confirmed that Mr Francis Bouygues, the founder and chairman of the construction group, was in good health. Speculation that Mr Bouygues was ill – indeed there had even been a wild report last week that he had died – have further stimulated the market activity.

The market has been speculating for some time, over the eventual succession of Mr Bouygues.

However, Bouygues has repeatedly shot down rumours of a possible managment buy-out to resolve the succession problem. Although the Bouygues family owns about 12 per cent of the shares in the company, it can currently count on the support of about 40 per cent of shares and around 45 per cent of voting rights from core shareholders.

The company's biggest traditional shareholder is the Credit Lyonnais bank with 10 per cent. The nationalised bank indicated yesterday that it remained a stable and close shareholder of Bouygues and that it was watching closely the latest market activity.

Speculation on possible raiders has centred on Mr Robert Maxwell, who is already a partner of Bouygues in the TF-1 television network, and on the Compagnie Generale des Eaux, the private water distribution group.

Lafarge advances 16% at midway

By Our Paris Staff

LAFARGE COPPEE, the French cement group, yesterday reported a 16 per cent increase in first-half net profits on a 10 per cent rise in sales.

First-half net profits excluding minority interests rose to FFr905m ($142m) from FFr779m in the first six months of last year. Sales rose to FFr9.6bn in the first half from FFr8.7bn in the same period last year. Operating profits rose nearly 30 per cent to FFr1.4bn.

The group said its worldwide cement shipments had increased by 7 per cent during the first half. The group's other materials sectors advanced in the first half and the biochemical activities showed strong development.

Lafarge also firmly rejected accusations of dumping from a South Korean cemant producer. The French group, which has been in the South Korean market for the last 10 years, said that it considered the complaint "unfounded." It claimed that it was a manoeuvre designed to raise protectionist barriers in order to create a captive market.

Union Corporation, South Korea's only manufacturer of alumina cement, filed an anti-dumping suit with the Seoul Government this month against the French group's Lafarge Fondu International subsidiary.

The Korean company accused Lafarge of selling cement at heavy discounts on the Korean market.

Flat results at Credit Lyonnais

By Our Paris Staff

CREDIT LYONNAIS, the large French nationalised bank, yesterday reported flat first-half profits of FFr1.2bn ($188m) compared with the first half of last year.

Mr Bernard Thiolon, managing director, said Credit Lyonnais was expecting to report profits for the whole year similar to the FFr2.2bn of 1987.

The bank made FFr3bn in new net provisions during the first half, compared with provisions of FFr3.4bn in the first half of last year. The new provisions included an extra FFr2.6bn in additional sovereign-state debt provisions, taking the coverage of these risks to 46 per cent from 38.4 per cent at the end of the first half last year.

The bank made FFr390m in capital gains from its share and property portfolio compared with FFr700m in the same period last year.

Credit Lyonnais said the latest results reflected changes in the bank's consolidation following its acquisitions in the Netherlands and the UK.

Interest and commission revenue rose by 5.1 per cent in the first half to FFr15.88bn. The bank said the volume of business in France had expanded, especially in the consumer credit field, but like other French commercial banks there had been an erosion in margins. The absence of privatisations and the lower level of activity on the stock market had led to a fall in commission income from equity transactions.

Greece postpones Larco sale

By Andriana Ierodiaconou in Athens

THIS WEEK'S sale by auction of Larco, the Greek ferronickel producer for which the Greek Government is asking at least Dr26bn ($171m), was postponed. It had been due to take place on Wednesday.

Larco, which passed to the state under a special rescue programme for financially-ailing industries launched by the Greek socialist Government in 1983, is considered of strategic importance to the national economy, a fact which rendered its reprivatisation unlikely.

It was thought likeliest that the company, whose debts to Greek and foreign banks in 1987 stood at an estimated Dr20bn plus a further estimated Dr20bn owed to the state Public Power Corporation, would pass into the hands of its domestic creditor banks.

However, the possibility of a private-sector management contract is not ruled out.

Larco's performance has reportedly improved dramatically since the 1987 rise in world nickel prices, with the company expected to show a profit this year.

Production costs have been trimmed through an approximate halving of the original 2,200 strong workforce.

Analysts suggested that Larco's conversion into a ferrochromium producer would offer the best long-term survival option, requiring minimal investment.

AEG raises earnings by 10%

By Haig Simonian in Frankfurt

GROUP SALES at AEG, the West German electrical and electronics concern, rose by 10 per cent to DM7.7bn ($4.1bn) in the first eight months of 1988 and the group forecasts that sales for the year will exceed DM13bn, compared with DM11.7bn in 1987.

Daimler Benz, which earlier this year bid for the minority stake in AEG that it did not already own, has now raised its stake to more than 80 per cent against some 68 per cent at the end of June, according to Mr Heinz Dürr, AEG's chief executive.

He gave no profits' figures, in line with previous practice at AEG, which was nearly bankrupt in the early 1980s. However, he said that profitability had improved this year and would be adequate to pay to AEG shareholders who do not accept Daimler's offer a payment equivalent to 20 per cent of Daimler's dividend, as had been guaranteed in Daimler's takeover proposal.

Mr Dürr said that AEG's order levels in the first eight months of the year had risen by 9 per cent to DM8.5bn, with sales at the automation systems, domestic appliances and plant technology divisions and at AEG Kabel increasing above average.

Percentage sales growth at many of AEG's foreign subsidiaries had been in double figures.

He added that research and development spending this year was set to rise to DM1.2bn, against DM930m last year, with joint development projects with Daimler Denz playing an important role. Investment in fixed assets was set to rise by about a third to about DM800m.

Outokumpu seeks listing for employees' shares

By Olli Virtanen in Helsinki

OUTOKUMPU, the Finnish base metals group, will seek a listing on the Helsinki Stock Exchange, becoming the country's second state-owned company to enter the stock market after Valmet, the metal and engineering group.

Earlier this week, Finland's economic policy committee said that Outokumpu could launch a share issue for private investors, providing that the state maintained control.

However, the company has decided not to launch an issue of new shares. The listing will be based on the 18.9m series A shares that Outokumpu offered to employees earlier this year in exchange for cutting the generous, and costly, pension benefits.

The A shares have a preferential dividend and have equal voting rights with the state-owned B shares. Some 6,200 employees, 92 per cent of those eligible, accepted the A shares offer, which represent 25 per cent of the entire share capital.

The company's pension fund subscribed to the remaining 8 per cent of the issue. The state of Finland retains 61 per cent of the total share capital and the state's Social Insurance Institution has 14 per cent.

Outokumpu's performance during this year has improved dramatically over the disastrous 1987. According to figures released yesterday the company's profit before appropriations and taxes in January-August jumped to FM573m ($129m), compared with FM53m in the same period last year.

Swiss Re ahead despite adverse currency move

By Our Financial Staff

SWISS Reinsurance, the world's second-largest reinsurance group, lifted 1987 group consolidated net profit by 12.3 per cent to SFr201m ($126m) from SFr179m in 1986. This was despite adverse currency factors, which depressed premiums expressed in Swiss francs.

Gross premiums rose 7 per cent in local currencies, with reinsurance premiums up 4.2 per cent and insurance premiums up 11.1 per cent. Expressed in Swiss francs, gross premiums fell 2.2 per cent to SFr10.43bn.

Net premiums rose 1.3 per cent to SFr9.84bn although the increase would have been 10.4 per cent but for currency factors. Financial income rose to SFr1.13bn from SFr1.09bn in 1986.

MITSUI & CO. FINANCIAL SERVICES (AUSTRALIA) LTD.
A$50,000,000
Guaranteed Floating Rate Notes Due 1992
Unconditionally guaranteed by
MITSUI & CO. (AUSTRALIA) LIMITED

Notice is hereby given that the Rate of Interest has been fixed at 13·53% p.a. and that the interest payable on the relevant Interest Payment Date, December 29, 1988 against Coupon No. 5 in respect of A$10,000 nominal of the Notes will be A$337·32.

September 30, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

Notice of Early Redemption
SEK
AB Svensk Exportkredit
(Swedish Export Credit Corporation)
U.S. $150,000,000
Floating Rate Notes Due 1990

Notice is hereby given that pursuant to the provisions of Condition 5(b) of the Notes, the Company will redeem all outstanding Notes at 100% of their principal amount on 31st October, 1988, when interest on the Notes will cease to accrue.
Repayment of principal will be made against presentation of the Notes with all unmatured coupons attached, at the offices of any one of the Paying Agents mentioned thereon.
Coupon No. 7 due 31st October, 1988 should be presented for payment in the usual manner on or after 31st October, 1988.

Bankers Trust Company, London — Agent Bank
30th September, 1988

US $200,000,000
CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.
(Incorporated with limited liability in the Netherlands Antilles)
GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994
Guaranteed on a Subordinated basis by
Continental Illinois Corporation
(Incorporated with limited liability in Delaware, USA)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed at 8·6875% p.a. and that the interest payable on the relevant Interest Payment Date, December 30, 1988, against Coupon No. 26 will be U.S.$219·60 in respect of U.S.$10,000 nominal amount of the Notes.

September 30, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

Wells Fargo & Company
U.S. $100,000,000
Subordinated Floating Rate Capital Notes due September 1997

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 30th September, 1988 to 30th December, 1988 the Notes will carry an Interest Rate of 8⅝% per annum.
Interest payable on the relevant interest payment date 30th December, 1988 will amount to US$218·02 per US$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Issue of up to
U.S. $360,000,000
Elders IXL Treasury (Australia) Limited
Subordinated Guaranteed Floating Rate Notes due 1995
Guaranteed as to Principal and Interest by
Elders IXL Limited

For the initial interest period September 29th, 1988 to March 29th, 1989 the Notes will carry an interest rate of 9.4875% per annum. The interest payable on the relevant interest payment date, March 29th, 1989 will be U.S. $4,770.10 per U.S. $100,000 Nominal Amount.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
September 30th, 1988

Paine Webber Group Inc.
U.S. $200,000,000
Subordinated Floating Rate Notes Due 1993

For the six months 30th September, 1988 to 30th March, 1989 the Notes will carry an interest rate of 9³⁄₁₆ per cent. per annum and interest payable on the relevant interest payment date 30th March, 1989 will amount to U.S. $461.93 per U.S. $10,000 Note and U.S. $4,619.27 per U.S. $100,000 Note.

By Morgan Gueranty Trust Company of New York, London
Agent Bank

U.S. $200,000,000
Banco di Santo Spirito S.p.A.
(Incorporated with limited liability in the Republic of Italy)
London Branch
Floating Rate Depositary Receipts due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from September 30, 1988 to March 31, 1989 the Notes will carry an Interest Rate of 8¾% per annum. The interest payable on the relevant interest payment date, March 31, 1989 will be U.S. $442.36 for Notes in denominations of U.S. $10,000 and U.S. $4.423.61 for Notes in denominations of U.S. $100,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
September 30, 1988 CHASE

American Express Bank Ltd.
U.S. $100,000,000
Floating Rate Subordinated Capital Notes Due 1997

Notice is hereby given that the Rate of Interest has been fixed at 8.625% and that the interest payable in respect of U.S. $10,000 principal amount of Notes for the period September 30, 1988 to December 30, 1988 will be US$218.02.

September 30, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

REPUBLIC OF FINLAND
U.S.$100,000,000 Floating Rate Notes Due 1990

Notice is hereby given that the interest payable on the Interest Payment Date, October 31, 1988, for the period April 29, 1988 to October 31, 1988 against Coupon No. 7 in respect of U.S.$10,000 nominal of the Notes will be U.S.$397·57.

September 30, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

KLEINWORT BENSON FINANCE B.V.
US $150 million Floating Rate Notes 1996
(US $100,000,000 having been issued as the Initial and Sola Tranche)
of
KLEINWORT BENSON LONSDALE plc
(which was substituted for Kleinwort Benson Finance B.V. as the principal debtor on 15th March 1985)

For the six months 30th September 1988 to 31st March 1989, the Notes will carry a Rate of Interest of 9 per cent. per annum with a Coupon Amount of US $455.00

CHEMICAL BANK
Agent Bank

CITICORP
U.S. $350,000,000
Subordinated Floating Rate Notes Due November 27, 2035

Notice is hereby given that the Rate of Interest has been fixed at 8.5375% in respect of the Original Notes and 8.625% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date October 31, 1988 against Coupon No. 35 in respect of US$10,000 nominal of the Notes will be US$73.52 in respect of the Original Notes and US$74.27 in respect of the Enhancement Notes.

September 30, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

U.S. $60,000,000
MANUFACTURERS NATIONAL CORPORATION
Manufacturing National Corporation
(Incorporated in the State Delaware)
Subordinated Floating Rate Notes due September 1996
Issue Price 100%

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from September 30, 1988 to March 31, 1989 the Notes will carry an Interest Rate of 9⅛% per annum. The interest payable on the relevant interest payment date, March 31, 1989 will be U.S. $458.16 for Notes in denominations of U.S. $10,000 and U.S. $11,453.99 for Notes in denominations of U.S. $250,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
September 30, 1988 CHASE

INTERNATIONAL COMPANIES AND FINANCE

Granges clashes with Noranda over share deal

By Robert Gibbens in Montreal

A HEATED dispnte has developed between Vancouver-based Granges Exploration and the giant Noranda resource group over the development of a gold property in northern Ontario.

On September 16, Noranda's 50 per cent-owned affiliate, Hemlo Gold, operator of one of the three new gold mines in the Hemlo area of northern Ontario, bought almost 10 per cent of Granges on the open market for about C$9m (US$7.4m).

Only this week did the identity of the buyer of the Granges stock become known, through a routine filing with the Securities & Exchange Commission in Washington.

But Granges, which had been seeking a potential partner to develop its jointly owned northern Ontario gold property, says Hemlo Gold had agreed not to buy any Granges shares before June 22, 1989, without its written consent.

Granges says Hemlo Gold did not ask for consent and therefore contravened the terms of the agreement and must sell the shares to arm's-length purchasers within two days. The alternative would be legal action.

Granges said it had hired investmant advisera to approach selected mining companies for a joint venture arrangement to develop its Mishibishn Lake property in northern Ontario, held with MacMillan Energy Corporation.

After the shareholder agreement was signed, Granges says, it provided detailed information to Hemlo on the Mishibishu property.

It accuses Hemlo of trying to obtain an interest in the property for a price lower than its real value and of trying to prevent Granges selecting another company as a partner.

Noranda said the shareholder agreement with Granges was signed by a junior execntive in its Vancouver office and it was making further inquiries. Meanwhile, it said further talks were under way with Granges.

Granges is an exploration company which began producing gold last year and will have output of 75,000 oz this year, mainly from two propertes in Nevada.

Hollis Industries sets up multiphase pump venture

By Richard Donkin in London

HOLLIS INDUSTRIES, the UK engineering services company which broke away from Mr Robert Maxwell's Pergamon Group in a management buyout in June, has formed a company to manufacture and market multiphase pumps for offshore oil and gas platforms.

Multiphase Systems, the new subsidiary to be based on the Avonside Industrial Estate in Bristol, will develop and manufacture the multiphase pump system designed by another Hollis company, Stothert and Pitt, the Bath-based pump company and leader in multiphase technology.

Multiphase pumps are expected to play a leading role in the new generation of oil production techniqnes now under development and could siginifficantly rednce the need for manned offshore platforms.

Their capability, nsing a twin-screw pumping system, of pumping both pure oil and oil and gas mixtures from the wellhead to a central treatment station, dispensing with the need for gas and liquid separation plant, could help to revolutionise oil production, Mr Michael Bridge, managing director of Multiphase Systems, said yesterday.

The system ahould allow more economic exploitation of oilfields by reaching reserves that have had to be abandoned in the past, he said.

The multiphase system, developed in collaboration with Shell, Mobil and BP and with a £230,000 ($390,000) grant from the Department of Trade and Industry, is already in production. Multiphase pumps, costing about £500,000 each, are to be installed at a Shell site in Sarawak and on a BP platform in the North Sea.

Electrolux buys 60% of Spanish supplier

By Sara Webb in Stockholm

ELECTROLUX of Sweden, the world's leading white goods manufacturer, said yesterday it had succeeded in acquiring 60 per cent of the shares in Unidad Hermetica, Spain's leading maker of compressors for the white goods sector.

The price paid was Pta3.23bn ($26m). Electrolux had made a Pta5.5bn bid for all of the Spanish company a month ago.

The Swedish company has said the takeover would fit in with its strategy of building up its compressor business as there is currently a shortage of compressors on the market.

Electrolux has about 30 per cent of the white goods market in Spain, following its recent agreement to take over Corbero and Domar, two white goods companies which make mainly cookers and washing machines and which have combined annual sales of around SKr1bn.

Unidad Hermetica has annual sales of around Pta14.3bn and makes a "small profit," according to Electrolux. It employs 1,700 staff and has two factories in Catalonia, North East Spain, where Corbero and Domar are based.

Unidad already supplies Electrolux with compressors, mainly for refrigerators, but will continue to supply other manufacturers in Europe as well.

Delhaize sales in Belgium advance 5.6%

By Tim Dickson in Brussels

DELHAIZE, tha Belgian supermarket group which has a major presence in the US, saw sales in the first eight months in Belgium increase 5.6 per cent to BFr42.9bn ($1.1bn).

Food Lion, the main US operation, reported a 28.6 per cent increase in sales to $2.5bn in the first 36 weeks of 1988 while net earnings were 35.7 per cent better at $78.2m.

Sales of Pingo Doce in Portugal jumped from Esc4.8bn to Esc14bn ($90m) in the first eight months of 1988.

Pocklington tries to score on the rebound

Tamsin Carlisle profiles the acquisitive Alberta businessman who has incurred the wrath of Canada's ice-hockey fans

If a poll were taken today to find the most unpopular man in Canada, Mr Peter 'Puck' Pocklington would stand every chance of winning it.

A month after the eccentric Alberta businessman traded Mr Wayne Gretzky, the ice-hockey superstar, to Los Angeles, millions of outraged and bewildered Canadian sports fans are still baffled by his motives.

Mr Gretzky, known as 'The Great One' and acknowledged as the finest player of Canada's most keenly-followed game, was regarded by many Canadians as a national treasure. Did Mr Pocklington, a former used car salesman and political hopeful, so badly need the C$15m (US$12.3m) he procured from the deal that he would forever sacrifice the nation's goodwill?

Mr Pocklington, whose businesses haul in ravenues of roughly C$3bn a year, is not currently inclined to answer this question and is keeping a low profile. But as the armchair athletes' howls of protest fade to a disgruntled murmur, a few clear threads are beginning to emerge.

At the ripe old age of 47, Mr Pocklington has apparently concluded that politics is not for him. With a general election looming, he has made no move to be nominated Conservative candidate in any of Alberta's 26 constituencies. Indeed, if he did run in current circumstances, his presence on the Tory ticket could well prove a distinct liability.

Not that his earlier forays into the political arena were conspicuously snccessful. In 1983, for example, he entered the Conservative party's leadarship race and lavished approximately C$1m on his campaign only to suffer a first ballot defeat.

Instead, Mr Pocklington may now be gearing up for another round of acquisitions and plant expansions to add to his diverse North American business empire.

The conglomerate, controlled by Pocklington Financial, a private holding company, comprises property and oil companies, three sports teams (including the all-conqnering Edmonton Oilers), a furniture manufacturer and eight food processing concerns. All told, the 14 businesses employ some 5,000 people. All but one of these companies - 75 per cent-controlled Canbra Foods, is 100 per cent owned by Mr Pocklington.

Details of tbe group's financial records are a jealously guarded secret. However, the jewel in tbe Pocklington crown is undoubtedly Edmonton-based Gainers, whose annual sales of somc C$350m make it the third largest meat packing company in Canada.

There are several indications that Mr Pocklington aims to continue expanding. In August, for example, he obtained a C$5.9m mortgage loan to open a meat packing plant in Regina. In addition, Alberta's crown-owned Treasury Branches last year approved a C$100m line of credit for the group's Palm Dairies operation in Calgary.

In March, the same body extended a C$12m loan and a further C$55m in loan guarantees to Gainers. According to Mr Doug Ford, a Pocklington spokesman, the group is currently debating whetber to npgrade a 70-year-old meat processing plant in Edmonton or to build a completely new facility.

Mr Pocklington appears to be in acquisitive mood on a personal level as well, having recently acquired a C$900,000 lakefront cabin in the Pacific coast province of British Columbia.

In short, the mercurial businessman, who championed flat-rate income tax and proposed paying off the national debt by printing C$3,000m of new money, seems to bave bounced back from the trials and tribulations of four years ago after his businesses suffered severe difficulties.

Indeed, Mr Pocklington has developed a habit of bouncing back over the years. Many attribute this resilience to his ability to stay on good terms with powerful political allies such as Prime Minister Brian Mulroney and Alberta premier Don Getty, both of whom Mr Pocklington counts as personal friends.

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Antwerp — 2000, 2008, 2018, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2100, 2110, 2120, 2130, 2153, 2180, 2200, 2210, 2230, 2232, 2241, 2600, 2610, 2700, 2710.

Gent — 9000, 9110, 9820, 9830, 9831.

Liege — 4000, 4020, 4200, 4400.

Leuven — 3000, 3030, 3044, 2072.

Kortrijk — 8500, 8510, 8550, 8640.

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And ask for more details.

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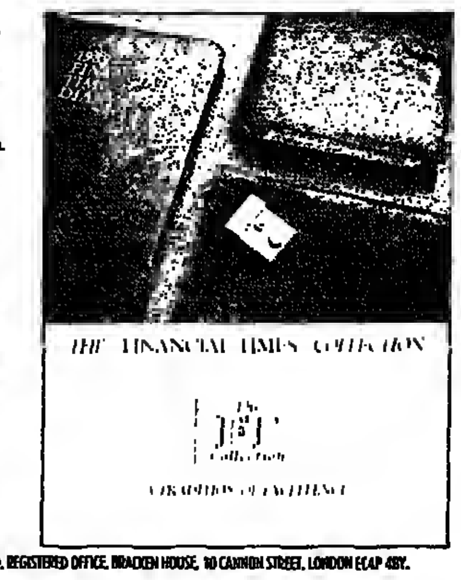

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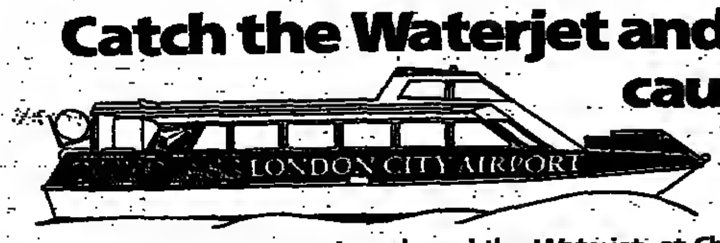

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U.S. $400,000,000
BankAmerica Overseas Finance Corporation N.V.
Guaranteed Floating Rate Subordinated Capital Notes Due 1996
Guaranteed on a subordinated basis as to payment of principal and interest by
BankAmerica Corporation

Interest Rate	8⅝% per annum
Interest Period	30th September 1988 30th December 1988
Interest Amount per U.S. $50,000 Note due 30th December 1988	U.S. $1,090.10

Credit Suisse First Boston Limited
Agent Bank

U.S. $75,000,000
GZ BANK
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Floating Rate Subordinated Notes Due 1991

Interest Rate	8¾% per annum
Interest Period	30th September 1988 30th December 1988
Interest Amount per U.S. $1,000 Note due 30th December 1988	U.S. $22.12

Credit Suisse First Boston Limited
Agent Bank

Ente Nazionale per l'Energia Elettrica
U.S.$300,000,000
Floating Rate Notes Due 2005
Unconditionally guaranteed as to payment of principal and interest by
The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8.690625% for the Interest Determination Period 30th September, 1988 to 31st October, 1988. Interest accrued for this Determination Period and payable 30th November, 1988 will amount to U.S.$74.84 per U.S.$10,000 Note and U.S.$1,870.90 per U.S.$250,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

U.S. $40,000,000
Industrial Bank of Finland Ltd.
(Suomen Teollisuuspankki Oy)
Guaranteed Floating Rate Notes Due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 28th September 1988 to 28th March 1989 the Notes will carry an Interest Rate of 8⅝% per annum and the Coupon Amount per US$10,000 will be US$436.79.

Merrill Lynch International Bank Limited
Agent Bank

Banco Nacional do Desenvolvimento Economico
US$50,000,000
Floating Rate Notes 1989

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the three months from 30th September 1988 to 30th December 1988 the Notes will carry an interest rate of 8¾% per annum. On 30th December 1988 interest of U.S.$22.12 will be due per U.S.$1,000 Note and U.S.$221.18 due per U.S.$10,000 Note for Coupon No. 38.

EBC Amro Bank Limited
(Agent Bank)

30th September 1988.

Wells Fargo & Company
U.S. $150,000,000
Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 30th September, 1988 to 31st October, 1988 the Notes will carry an interest Rate of 8.5375% per annum. Interest payable on the relevant interest payment date 31st October, 1988 will amount to US$73.52 per US$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Wells Fargo & Company
U.S. $200,000,000
Floating Rate Subordinated Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 30th September, 1988 to 31st October, 1988, the Notes will carry an Interest Rate of 8⅝% per annum. Interest payable on the relevant interest payment date 31st October, 1988 will amount to US$73.73 per US$10,000 Note and US$368.66 per US$50,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

FISONS
Notice
to the holders of the
U.S. $50,000,000
5¼% Guaranteed Convertible Bonds 2001 of
FISONS FINANCE NETHERLANDS B.V.
(which are convertible into the Ordinary Shares of FISONS plc)
(the "Bonds," the "Company" and the "Guarantor" respectively)

NOTICE IS HEREBY given to the holders of the Bonds, that as a result of the recent Rights Issue by the Guarantor, details of which were communicated to shareholders in a circular dated 19 August 1988, the Conversion Price of the Bonds falls to be adjusted.

In accordance with the terms of the Trust Deed constituting the Bonds the Conversion Price has been adjusted from 322 pence to 314 pence per share, such adjustment to be effective from 12 September 1988.

30 September 1988.

Isveimer
U.S. $100,000,000
Floating Rate Participation Certificates Due 1992
issued by Morgan Guaranty GmbH for the purpose of making a loan to
Istituto per lo Sviluppo Economico dell'Italia Meridionale
(a statutory body of the Republic of Italy incorporated under Law No. 298 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 30th September, 1988 to 31st October, 1988 has been fixed at 8 13/16%. Interest accrued for the above period and payable on 31st January, 1989 will amount to US$75.89 per US$10,000 Certificate.

Agent
Morgan Guaranty Trust Company of New York
London Branch

U.S. $75,000,000
Comerica Incorporated
Floating Rate Subordinated Capital Notes Due 1997

Interest Rate	8⅝% per annum
Interest Period	30th September 1988 30th December 1988
Interest Amount per U.S. $50,000 Note due 30th December 1988	U.S. $1,090.10

Credit Suisse First Boston Limited
Agent Bank

Grindlays Eurofinance B.V.
U.S. $100,000,000
Guaranteed Floating Rate Notes 1992
Guaranteed on a subordinated basis by
Grindlays Bank p.l.c.

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period 30th September, 1988 to 31st March, 1989 the Notes will bear interest at the rate of 9 1/16% per annum. The Coupon Amount per U.S. $100,000 Note will be U.S. $4,581.60 and the Coupon Amount per U.S. $10,000 Note will be U.S. $458.16. The Interest Payment Date will be 31st March, 1989.

Agent Bank
Samuel Montagu & Co. Limited

CREDIT D'EQUIPEMENT
DES PETITES ET MOYENNES ENTREPRISES
£100,000,000
Guaranteed Floating Rate Notes due 1996

For the three months 26th September, 1988 to 28th December, 1988 the Notes will carry an interest rate of 12⅛% per annum and coupon amount of £1,504.19 per £50,000 Note and £150.43 per £5,000 Note, payable on 28th December, 1988.

Bankers Trust Company, London
Agent Bank

The United Mexican States
US$2,556,093,000
Collateralized Floating Rate Bond Due 2008

In accordance with the terms and conditions of the Bonds, the rate of interest for the interest period September 30, 1988 to March 30, 1989 has been fixed at 10 7/16% per annum. Interest payable on March 30, 1989 will be US$13,119.36 on each US$250,000 principal amount of the Bonds.

Agent
Morgan Guaranty Trust Company of New York
London Branch

INTERNATIONAL CAPITAL MARKETS

Italy issue sets traders buzzing

By Dominique Jackson

THE NEW $1bn dollar straight issue for Italy which finally emerged via Merrill Lynch yesterday grabbed the attention of the primary Eurobond market in a manner not seen for some time and demonstrated clearly that competition in the market is keener than ever.

A total of $1.4bn in new US dollar paper was launched yesterday while the Canadian dollar sector also had a bonanza day with four issues of varying calibre which totalled C$350m.

The seven-year Italy issue at 9½ per cent and 101½ had been dominating the market all week since Italy first announced it would be refinancing an outstanding $1bn floating-rate note.

Merrill Lynch was the lead manager on the floater and although the mandate for the latest straight issue was hotly contested, it was no surprise when it went to Merrill.

Yesterday's issue appeared to prompt almost as much discussion as Italy's last foray in the dollar straight market, another $1bn bond via Credit Suisse First Boston, on which the pricing of the swap package excited some controversy.

However, it was not clear how much of yesterday's polemic could be explained away as gibes from rival syndicates who had failed to secure what is considered a prestigious mandate and how much of the criticism was well-founded.

INTERNATIONAL BONDS

The lead manager said the yield spread at the time of pricing was an initial 47.7 basis points over comparable US Treasury issues. It was initially marketed at a spread of 43 basis points which later narrowed in to a margin of 42.

Merrill Lynch was also behind the swap package linked to the deal and said it had not been endeavouring to bring down the yield on the seven-year US Treasury issue. The lead manager said its extensive buying in the sector was merely conventional hedging procedure, common to this type of swap transaction. However, syndicate managers at other houses noted that the net effect of the lead manager's transactions appeared to have had an effect on the eventual pricing of the deal.

The uncertainty engendered by this dispute was compounded by charges that the deal had been offered to key accounts several hours before co-management invitations were issued. However, gauging potential interest in a new deal ahead of formal launch is an acceptable Euromarket practice and is generally seen as a prerogative of the lead managing house.

The timing of the issue was regarded as slightly unfortunate, coming in the wake of two well-received seven-year issues earlier this week, a $600m deal for Alberta via J.P. Morgan and a $200m deal for Japan Development via IBJ International.

These issues are now virtually fully placed and although demand for more dollar paper at this maturity still exists, many end-investors have probably already filled their requirements and uptake could be now be a little slow.

However, the lead manager did receive plaudits for its manful support of such a large issue. The spread on the issue was steady at 42 basis points by the end of the day.

In the shadow of the Italy deal came two other dollar straights which fortunately carried five-year maturities, meaning that competition was not so direct. Goldman Sachs International brought Ford Motor Credit to the market, a deal regarded as reasonably priced but which could be hampered by the volume of new paper in the market. It finished the day bid at a discount equal to its total fees.

The day's most successful deal was a $100m issue for Campbell Soup via CSFB which excited widespread interest, not exclusively from Continental retail accounts with whom the name is a favourite. It was bid comfortably within fees at a discount of 1.55.

The day's four offerings in the Canadian dollar sector met a generally mixed reception and most dealers pointed out that whatever interest had been seen earlier in the week for the paper had probably been all but extinguished by rush of new deals.

The five-year, C$100m deal for Montreal Trustco via UBS Securities was deemed the best of the bunch with a generous 81 basis point spread at launch. The reception was not so enthusiastic for GMAC Canada's C$100m 5¼-year deal via Banque Paribas Capital Markets. The borrower is thought to have come to the market a little too often to excite overwhelming investor interest.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Italy◆	1bn	9½	101½	1995	1⅞/1¼	Merrill Lynch
Ford Motor Credit◆	300	9½	101.85	1993	1⅞/1¼	Goldman Sachs
Campbell Soup◆	100	8⅛	101⅜	1993	1⅞/1¼	CSFB
Sparekassen SDS (d)◆	100	10	101⅜	1989	⅞/½	Nomura Int.
Final terms fixed on:						
Mitsubishi M.&C.‡◆	100	4⅞	100	1992	2¼/1½	Nomura Int.
Nippon Steel Chem.‡◆	100	5	100	1992	2¼/1½	Yamaichi Int.(Eur)
CANADIAN DOLLARS						
Montreal Trustco◆	100	11	101⅞	1993	1⅞/1¼	UBS (Secs)
GMAC Canada◆	100	10¾	101⅞	1994	1⅞/1¼	Banque Paribas
Skand.Enskilda Bkn◆	75	10¾	101⅜	1991	1⅛/⅞	Bankers Trust Int.
Pernod Ricard◆	75	10⅝	101¼	1991	1⅛/¾	Deutsche Bk Cap.Mkts
AUSTRALIAN DOLLARS						
Tor.Dominion A'stralia◆	50	14	101⅞	1991	1½/1	Hambros Bank
D-MARKS						
National Home Loans Fin.◆	200	6¼	101⅞	1995	2¼/1½	Deutsche Bank
SWISS FRANCS						
Honshu Paper Co.★★‡	100	(1⅞)	100	1993	n/a	Credit Suisse
Final terms fixed on:						
CIR Int.(Luxembourg)‡◆	100	3	100	1993	n/a	Warburg Soditic
Chinon Ind.(a)★★§◆	70	½	100	1993	n/a	Bank Leu
GUILDERS						
Fiat Finance & Trade◆	100	6¼	101	1993	1⅞/1¼	CSFB Nederland
Swedish Export Cr.★★(b)◆	150	½	98	1993	2/1¼	ABN
Issue increased:						
Nat. Nederlanden (c)◆	100	½	98¾	1993	2/1½	Bank Mees & Hope

★Not yet priced. ★★Private placement. ‡With equity warrants. §Convertible. ◆Final terms. a) Put option fixed: 31/3/91 at 108⅞ to yield 3.901%. b) With currency warrants. Each Fl10,000 has 25 warrants to buy $500 with DM (to be fixed 30/9/88) between Oct. 1988 and Sept.1990. c) Issue increased by Fl25m to Fl100m. With bond warrants. d) Additional $100m on tap.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on September 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Abbey National 7½ 92	200	93⅞	94⅛	0	-0⅛	9.58
All Nippon Air 9⅛ 97	100	†95¼	95¾	+0⅛	+0⅛	10.16
Amer. Brands 8⅞ 92	150	†97	97½	+0⅛	-0⅛	9.75
A/S Eksportfinans 7⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.17
Barc. Bk. Fin. 10⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.32
B.F.C.E. 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.04
British Telecom 7⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.25
Cal. Natl. Telecom 8⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.39
Canada 9 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.34
Canadian Pac 10⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.25
C.C.C.E. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.89
C.C.C.E. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.15
C.C.C.E. 9⅞ 93	300	98⅞	99⅛	0	-0⅞	9.47
C.N.C.A 7⅛ 91	150	94¼	94⅞	+0⅞	-0⅞	9.28
Credit Lyonnais 9 91	200	99⅞	100	-0⅛	-1½	9.13
Credit National 8⅛ 93	200	95⅞	96⅛	0	-0⅞	9.31
Credit National 7⅞ 92	100	94⅞	94⅛	0	-0⅞	9.27
Credit National 7⅛ 91	150	94⅞	94⅞	+0⅛	-1⅛	9.24
Denmark 7⅞ 92	500	93⅛	93¾	0	-2	9.40
E.E.C. 7 91	100	94¼	94¾	+0⅛	-0¼	9.05
E.E.C. 7¼ 93	250	92⅛	93⅛	0	-0⅛	9.22
E.E.C. 8 90	350	98	98½	+0⅞	-0⅞	9.05
E.I.B. 7⅞ 93	100	93⅞	93⅞	-0⅞	-0⅛	9.27
E.I.B. 9⅞ 97	150	99⅞	100⅛	+0⅞	-0⅛	9.39
Elec. De France 9 98	200	96⅞	96⅞	-0⅛	-0⅞	9.58
Finland 7⅞ 97	200	90⅞	90⅞	+0⅞	-0⅞	9.59
Finland 7½ 93	200	92⅞	93⅛	+0⅞	-0⅞	9.33
Finn.Exp.Cd. 8½ 92	200	97⅛	97⅞	0	-0⅛	9.30
Ford Motor Credit 8 91	250	97⅞	97⅞	0	-0½	9.19
Gen Elec Credit 10⅛ 00	200	100⅞	100⅛	0	0	10.16
G.M.A.C. 8 89	250	99	99⅛	+0⅛	-1⅛	0.09
Gen.Mtrs.Corp. 9⅞ 92	200	99⅞	99⅞	+0⅞	-0½	9.31
Halifax BS 9½ 93	200	†99½	100	0	-0⅛	9.54
Hoesch 8¼ 97	100	†92¼	93¼	+0⅞	-1¼	9.47
Italy 9 90	1000	100¼	100⅛	+0⅞	-1⅞	8.71
L.T.C.B of Japan 8 91	100	97⅞	97½	0	-0½	9.12
L.T.C.B. of Japan 8 97	200	89½	90	0	-0⅞	9.85
Merc.-Benz Cd. 8⅞ 95	100	†96½	97	+0⅛	+0¼	9.17
Metropolis Tokyo 9½ 93	200	100⅞	101⅞	0	-0¼	9.22
Morgan Guaranty Tst. 7 90	150	97⅞	97½	0	-1½	9.05
Norway 8¼ 93	500	98¼	98¼	+0⅞	-0⅛	9.15
Pepsico Inc 7⅞ 93	200	†93⅛	93⅞	0	0	9.11
Portugal 8¼ 91	300	97	97½	+0⅛	-1¼	9.50
Prudential Grp. 8⅛ 94	125	98⅞	98⅞	+0¼	+0⅞	9.11
Qantas Airways 10⅛ 95	140	103⅛	104⅞	+0⅛	-0½	9.58
Saskatchewan 10⅞ 92	100	103¼	104¼	0	-0¼	9.29
State Bk S Aust 9⅞ 93	100	98⅞	99⅞	0	-0⅛	9.47
Swed Exp Cred 7⅛ 91	100	†94¼	94⅞	0	-0¼	9.29
Swed Exp Cred 10 92	100	†101⅞	102⅞	0	-0⅞	9.34
Sweden 7 91	250	94⅛	94⅞	-0⅞	-0⅛	9.11
Sweden 7 92	250	†93½	94	-0⅛	-0⅞	9.21
Sweden 8¼ 96	200	96	96⅛	+0⅛	-0⅞	9.45
Sweden 8½ 92	200	†98⅞	98⅞	0	-0⅛	9.00
Victorian Rep 11⅛ 92	150	106⅞	106⅞	0	-0⅛	9.41
World Bank 7 92	300	†93⅞	94⅛	+0⅞	-0¼	9.10
World Bank 9 97	300	97½	98	0	-0⅞	9.38
Yasuda Trust Fin 8½ 93	100	95¼	96⅛	0	-0⅛	9.57

Average price change... On day +0 on week -0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. BK. 6 94	200	100⅞	101	-0⅞	-0½	5.85
Avis Fin.SVS 5⅞ 92	100	100⅞	100⅞	+0⅞	0	5.74
Bank of Tokyo 5¼ 93	100	99⅞	100⅞	-0⅞	-0⅞	5.77
Central BK. Turkey 7 92	200	102¼	103⅛	+0⅛	+0⅛	6.17
Commerzbank o/s. 5⅞ 93	300	99¼	99⅛	0	+0⅞	5.50
Degussa Int. 6⅞ 97	200	98½	99⅛	-0⅞	0	6.29
E.I.B 5½ 98	150	96	96⅝	+0⅛	-0⅛	6.00
E.I.B 6 97	300	99⅛	100¼	0	-0¼	6.03
E.I.B. 6⅛ 96	300	100⅞	101⅛	+0⅛	0	5.93
E.I.B. 6⅛ 97	400	100⅛	100⅛	0	-0⅛	6.06
E.I.B. 6⅞ 95	300	104⅞	105½	-0⅞	0	5.97
Euro Coal & Steel 5⅞ 97	175	98½	99¼	+0⅛	-0⅛	6.04
Eurofima 6¼ 96	100	—	—	—	—	—
Elec De France 5¼ 97	300	97¼	97⅞	0	+0⅞	6.10
Forsmark Krtg. 5⅞ 93	200	97½	98	0	-0¼	5.71
I.A.D.B. 6 97	200	98⅞	99½	0	-0⅞	6.13
Japan Dev. Bk. 5⅛ 95	300	96⅛	97½	+0⅛	-0½	5.91
Japan Finance 5⅛ 97	100	96⅛	97⅞	0	-0¼	6.25
Ireland 6½ 97	300	99⅞	100¼	0	0	6.49
Korea Dev BK 6¼ 93	100	101¼	101⅞	0	+0½	6.20
Malaysia 6¼ 94	150	99⅞	100⅛	-0⅛	0	6.30
Nat. West BK. PLC 6 98	300	96⅞	97⅛	+0¼	+0⅞	6.39
Nippon Telg. & Tel. 6 95	400	100½	100⅛	-0⅛	0	6.05
Oesters. Kontbk. 5 93	300	97¼	98¼	+0⅛	+0¼	5.52
Portugal 5⅛ 92	150	100⅛	100⅞	+0⅛	+0⅛	5.56
Portugal 6⅞ 95	150	101⅞	102½	0	+0⅞	6.23
Privatbanken 5¼ 93	150	96⅞	97⅛	0	+0¼	5.97
Royal Insurance 5½ 92	300	99¼	100⅛	0	0	5.49
Soc Cent Nuclear 7⅛ 95	150	103⅞	104	0	0	6.54
Turkey 6½ 95	500	98⅞	98⅞	+0⅛	+0⅛	6.75
Westlb. Finance 5 93	200	†97⅛	97⅞	0	+0⅞	5.65
World BK. 6⅛ 97	600	100⅞	101½	0	-0⅛	6.01

Average price change... On day +0 on week +0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev.Bk. 5 96	150	†101⅛	101⅛	+0¼	+0½	4.76
Asfinag 5 03	100	†100⅛	101	0	-0⅞	4.91
S.F.C.E. 4½ 98	200	†98⅞	99	+0⅛	+1	4.64
B.M.W.Fin.Neth. 5 13	150	†95¼	95½	0	+0½	5.34
Britannia B/S. 4¼ 94	100	†97⅛	98	0	0	4.71
CIR. Int. W/W 3 93	125	†100	101	0	-0½	2.95
Credit Lyonnais 4⅛ 00	100	†97¼	98	+0⅛	0	4.99
E.I.B 4⅞ 98	150	†99½	99¼	0	+0⅞	4.67
Fletcher Chall. 4⅞ 98	150	†96⅛	97	0	0	5.31
Kobe City 4⅛ 98	150	†99	99¼	+0¼	+0¼	4.74
Leeds Perm. B/S. 4⅞ 93	200	†98¼	99¼	+0¼	+0¼	4.37
Malaysia 5¼ 98	100	†98¼	99	0	+0¼	5.40
Maxwell Comm.Grp. 5 95	150	†102½	102⅛	0	0	4.53
Nationwide Ang.B/S. 4 93	200	†96¼	97¼	0	0	4.72
Nippon Telg. & Tel. 4⅞ 95	200	†99	99½	0	+0¼	4.38
Oesters.Ktbk. 5 03	75	†99¼	99⅛	+0⅞	-0¼	5.05
Rep.National Bk. 4 93	150	†96¼	96⅛	-0⅛	-0¼	4.40
Thailand 4⅛ 95	200	†95⅛	96	0	+0½	5.39
World Bank 5 03	150	†99¼	99½	0	+0¼	5.06

Average price change... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Belgium 5⅞ 92	55	101¼	101½	0	0	5.00
Belgium 4⅝ 94	45	96⅛	97	0	+0¼	5.27
Canada 4⅞ 92	80	98⅛	98⅛	0	+0¼	4.89
Elec. De France 5⅛ 94	20	99⅛	99⅞	0	+0⅞	5.20
Ireland 5⅛ 93	30	99⅛	99⅛	-0⅛	0	5.27
Norway 5⅞ 95	50	99	99⅛	0	+0⅛	5.28
Rep. of Italy 5¼ 92	150	102⅛	102⅝	-0⅞	0	4.92
Sweden 4⅛ 93	50	98	98¼	0	+0¼	5.08
World Bank 5½ 92	50	102⅛	102⅞	0	-0¼	4.86

Average price change... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Abbey Nat.BS. 10¼ 93 £	50	98⅞	99⅞	+0⅛	+0⅞	10.51
Alg. Bk. Ned. 5½ 92 FL	150	97¼	98⅛	0	0	6.16
Amro Bank 6⅛ 92 FL	150	100⅛	100⅞	0	+0¼	6.10
Aust.Ind.Dev. 12⅞ 93A$	100	98⅛	98½	+0½	-0¼	13.35
Barc. Bk. 10⅛ 97 £	250	96	96½	+0¼	+1¼	10.90
BP Capital 9¼ 95 £	100	96⅞	97¼	+0⅞	+0⅞	10.62
British Airways 10 98 £	100	94	94½	+0⅞	+1⅞	10.99
C.J.B.C.Mort. 10¼ 93 C$	100	†98¼	99¼	0	-0¼	11.01
Comm.Bk.Aust. 12⅛ 93A$	100	96	96⅛	-0⅞	-0⅞	13.56
Coop.Ctr.Rabo.6¼ 93 FL	100	100⅛	100⅞	+0⅞	+0⅛	6.07
Coop.Ctr.Rabo.6 92 FL	200	99⅞	100⅛	+0⅛	+0⅛	5.95
Denmark 7¼ 92 ECU	100	101	101⅞	0	+0⅛	7.29
Dixons 11 95 £	90	†98⅞	98⅞	+0¼	+1	11.46
Deutsche Bank 9⅞ 97 £	75	†94	94½	+0⅛	+0⅞	10.92
Deut. Bk.Aust. 12⅞ 95 A$	70	99	99⅛	-0¼	-0¼	12.91
Eastman Kodak 13 90 A$	100	99⅞	99⅞	+0⅛	+0⅛	13.35
E.I.B 8⅞ 93 LF	10	†100¼	101¼	0	0	8.25
Elec. France 10⅛ 95 C$	125	†98½	99	0	-0½	10.50
Euratom 7⅛ 97 ECU	145	96⅞	97⅛	0	-0⅞	7.88
Eurofima 7½ 92 FL	50	†104½	105¼	0	-0¼	5.93
Fed.Bus. Dv. Bk. 9⅛ 92 C$	75	†97¼	98¼	0	-0¼	10.40
Ford Cr.Can. 10⅞ 93 C$	100	†100⅛	100⅞	0	0	10.53
Gillette Can. 9⅞ 93 £	70	†92¼	92⅞	+0¼	+0⅛	11.70
G.M.A.C. 9⅛ 95 C$	150	†97	97½	0	-0¼	10.50
G.M.A.C. 9¼ 92 C$	75	†94¼	95¼	0	+0¼	11.04
G.M.A.C Aus. Fin. 14 90 A$	50	99¼	100¼	+0⅛	-0⅛	13.90
Halifax BS 10⅞ 97 £	100	96¼	96⅛	+0¼	+1⅞	11.01
Imp Chem Inds 10 03 £	100	†94⅞	95	0	0	10.71
Inv. Industry Int. 10 93 £	60	97	97⅞	+0¼	+1	10.76
Lloyds Bank 10⅛ 98 £	150	94	94½	0	+0½	11.24
Montreal Tst. 10⅛ 93 C$	100	†99¼	99⅞	0	-0¼	10.83
Mtge.Bk.Den. 6⅛ 91 FL	100	100¼	101	0	+0⅞	6.38
Nat. West.Bk. 13⅞ 92 A$	50	†97⅛	98	0	-0⅞	13.84
Nationwide BS 10⅞ 95 £	75	97⅛	97⅞	+0⅞	+0⅞	10.82
Ned.Midd.Bank 6 92 FL	150	99⅞	100	0	+0¼	6.11
New Zealand 9½ 93 £	100	95¼	95¼	+0⅞	+0⅞	10.76
New Zealand 7¼ 93 ECU	200	100	100½	+0⅛	0	7.66
Oesters.Ktbk. 13⅛ 94 A$	75	100⅛	101⅛	-0½	-0⅞	13.38
Prudential Fin. 9½ 07 £	150	89⅞	90⅛	+0¼	+1⅞	10.60
Royal Bk.Scot. 10⅛ 98 £	125	96⅛	96⅞	+0¼	+1¼	11.25
Saskatchewan 9⅞ 91 C$	150	†98⅞	99⅛	0	-0¼	10.32
S.O.R. 7⅛ 95 ECU	90	†99¼	99¼	+0½	-0¼	7.84
Wstd.Lb.Fin. 12⅞ 95 A$	50	†99¼	99¼	+0⅛	+0⅞	12.60
World Bank 5⅞ 92 FL	100	99⅞	100	0	+0⅛	5.86
World Bank 13⅛ 92 A$	100	†100⅛	100⅛	0	+0⅛	13.20

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.41	99.46	21/01	10.99
Belgium 91 US	0	100.44	100.54	21/02	9
Britannia 5 95 £	0⅛	99.78	99.83	10/10	10.37
Chase Manhattan Crp. 91 US	0½	99.54	99.67	22/02	8.94
Citicorp 98 US	†0¼	97.55	97.80	30/11	8.94
EEC 3 92 DM	†0	100.77	100.87	22/02	5.63
Halifax BS 94 £	.1	99.73	99.78	9/11	11.16
Invt. In Industry 94 £	0	99.94	100.04	24/02	11.87
Leeds Perm. B/S. 94 £	0⅛	99.94	99.99	13/01	10.44
Midland Bank 01 £	.1	95.12	96.12	11/02	11.41
Milk Mkt. Brd. 5 93 £	0⅛	99.84	99.90	30/09	10
New Zealand 5 97 £	.07	99.73	99.83	18/11	11.62
New Zealand 5 01 US	0	99.93	100.03	4/02	8.62
State Bk. Nsw. 98 US	.188	100.37	100.47	13/02	8.87
Woolwich Equit. BS. 93 £	0⅛	99.73	99.78	13/10	10.44
Woolwich 5 95 £	0½	99.62	99.67	21/11	11.62

Average price change... On day +0.01 on week +0.03

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62	102½	103½	+0⅛	23.40
Alco Health 6¼ 01 US	†7/86	26.25	98	100	-3½	4.45
Amer. Brands 7⅛ 02 US	†9/87	56.7	100¼	101¼	+0⅝	11.73
Ashikaga Bank 2⅛ 02 US	4/87	967	128¼	130⅛	+2⅛	4.92
Asics 5 92 DM	12/83	472.7	193½	194⅞	-0⅛	15.14
CBS. Inc. 5 02 US	4/87	200	93⅞	94¼	+0⅞	10.56
Fujitsu 3 99 US	5/84	1106	260½	261½	-2	-1.81
Kinki-Sogo Bk. 2⅞ 03 US	4/88	1069	129	130¼	+2½	4.40
Land Secs. 6⅛ 02 £	6/87	6.72	92¼	93¼	+0¼	11.35
MCA Inc 5½ 02 US	9/87	69.62	79½	80½	-0¼	28.05
Minolta Camera 2¼ 94 DM	2/86	1004	98¼	100¼	-0¼	21.74
Mitsubishi Bk. 1⅞ 02 US	9/87	3157	107¼	109	+0¼	3.39
Mitsui trust 2⅞ 01 US	10/86	1903	121⅞	123⅛	+0⅛	5.98
Next Plc 5¼ 03 £	11/87	4.3	99¼	100¼	+0⅛	143.71
Nishi Nipp. Bk. 2⅞ 03 US	4/88	804	105⅛	106⅛	-0⅛	5.09
Onoda Tateki 2⅛ 02 US	4/87	1310	196⅛	198	-0⅛	1.38
Primerica 5½ 02 US	4/87	66.75	66½	67½	0	54.21
Racal Hlds 4⅛ 03 £	11/88	3.5	111	112	-0⅛	3.24
Redland 7⅛ 02 £	1/87	5.4	88¼	89¼	+0⅛	15.20
Saatchi & Saat. 6⅛ 03 £	†10/89	4.41	96¼	97⅞	+0⅛	26.14
Texas Inst. 2⅞ 02 US	9/87	82.87	73⅛	74⅛	+0⅛	49.18
W.R. Grace 6⅛ 02 US	9/87	42.12	78⅛	79⅛	0	33.33

* No information available—previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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AIBD and clearers act to end row

By Our Euromarkets Staff

THE Association of International Bond Dealers (AIBD) and the two major clearers of Euromarket transactions, Cedel and Euroclear, will conduct a feasibility study on the development of a joint communications system.

The agreement appears to resolve a year-long dispute between the AIBD, a self-regulatory organisation, and the two clearers. In June 1987, AIBD members voted to develop a trade reporting and matching system to be known as TRAX.

While the two clearers did not initially voice any objections to implementation of the TRAX system, they later mounted an effort to urge AIBD members to halt the project, citing its cost. Among other things, they said the TRAX system duplicated to some extent capacity already retained by the two clearers.

For its part, the AIBD said the two clearers had earlier rebuffed suggestions that the three organisations work together to develop a joint system.

The joint study will examine a common network designed to carry data both between TRAX subscribers and the AIBD TRAX system and between the AIBD TRAX system and the two clearing systems.

Data will be protected at the point of entry, and transmitted individually and directly to the intended recipient for processing, insuring confidentiality.

Services to be provided by the joint system include trade confirmation, market information, regulatory reporting and settlement-related communications.

Turks double Euro paper programme

THE TURKISH central bank has doubled the size of its European commercial paper programme to $200m, Saudi International Bank, the programme's arranger, said yesterday, Reuter reports.

Aside from Saudi International, dealers in the programme are Bankers Trust International and Swiss Bank Corporation Investment Banking.

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INTERNATIONAL CAPITAL MARKETS

Gilt prices take heart from buoyant sterling

By Our Euromarkets Staff in London and Janet Bush in New York

STERLING'S surge back back above DM3.17 at one stage yesterday sent gilt prices up ¾ to ⅞ points, but the mood among retail investors is not yet jubilant.

If anything, the price rises reflect a heavy flow of foreign funds into sterling as well as a build-up in domestic cash balances at building societies and insurance funds.

Building societies, flush with liquidity from investors steering clear of equities, are finding that the drop in demand for new mortgage money has led them to look for other ontlets for their cash. And while much of it has gone into the higher-yielding money markets, the gilt market is also benefiting.

The flow of domestic and foreign funds into the London money market has depressed three-month interbank rates decisively below the 12 per cent base rate to about 11¾ per cent. Dealers cautioned against reading too much into the cheaper short-term funds, saying the decline in rates did not reflect expectations of a base rate cut.

It may, however, reflect diminishing expectations that interest rates will have to be raised again to deal with domestic UK demand for exports.

Gilt prices have also come down substantially, with some of the greatest anomalies in prices showing up among short-term stocks, where building societies are significant players. For instance, late yesterday the 13¼ per cent stock due 1992 was yielding 10.169 per cent, well below money market rates.

Reserve requirements discourage building societies from purchases longer than five to seven years.

Long bonds are also supported by the absence of new stock, a phenomenon likely to stay with the market for some time given the healthy condition of government finances.

One hope is that if sterling can stay buoyant the Bank of England may eventually be forced to intervene and issue new stock in order to sterilise the internal economic impact of sterling sales.

One possible source of relief for stock shortage in gilts may come from the issuance of new Eurosterling or sterling debenture issues.

US TREASURY bonds received a jolt early in the New York session yesterday when weekly figures for unemployment claims suggested the US jobless rate might have fallen in September.

However, prices then bounced back and were quoted

GOVERNMENT BONDS

as much as ⁱ⁄₃₂ point higher in late New York trading. The Treasury's benchmark 30-year issue stood ⅞ point higher for a yield of 9.062 per cent.

Initial claims for state unemployment insurance rose only 7,000 in the week ended September 17, which compared with forecasts of an increase of as much as 40,000.

Although these figures are not a reliable indicator of overall unemployment trends, they ware particnlarly closely watched because they covered the week which the Labour Department bases its monthly statistics on.

Monthly employment data have become crucial for the bond market because they have figured large in successive moves by the US Federal Reserve to tighten monetary policy.

After the initial fall, prices recovered smartly, partly because traders appeared to want to position themselves for today's US leading indicators figures for August, which are expected to be unchanged to slightly lower.

WEST GERMAN government Bunds closed 10 to 20 pfennigs higher in very quiet trading, with all eyes focused on London for the start of the new Bund futures contract on Liffe.

While there was no reaction in prices, there is intense interest in the success of the new futures contract. In particular, dealers are wondering whether non-traditional Bund investors will be buyers of futures, a development that could deepen the underlying cash market.

IN THE Australian government bond market, long-term prices recovered marginally, with the benchmark 12½ per cent bond shedding three basis points to 12.96 per cent.

But short-term issues slipped still further, despite a smaller than expected increase in the re-discount rate yesterday to 13.8 per cent.

The market had expected a 14 per cent rate.

Attention is now focused on Saturday's state-wide election in Victoria, where the opposition Liberal Party is hoping for a victory. Last February, the Liberal Party won the state of New South Wales. Some fear that if Victoria falls to the Liberals, the ruling Labor Party may abandon its tight money policy in the hope of winning back votes.

BENCHMARK GOVERNMENT BONDS

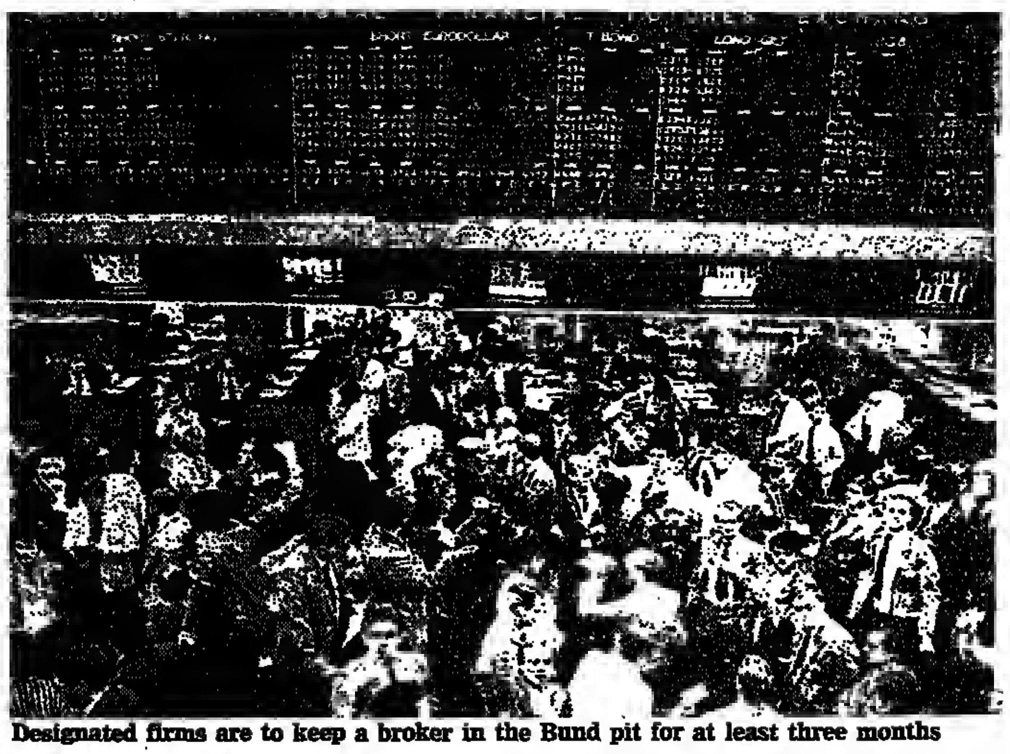
				Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	110-20	+3/32	10.18	10.45	10.57
		8.750	9/97	93-20	+7/32	9.84	10.08	10.15
		9.000	10/08	96-08	+5/16	9.19	9.36	9.46
US TREASURY		9.250	8/98	101-28	+12/32	8.96	8.91	9.26
		9.125	5/18	100-06	+1/32	9.10	9.00	9.33
JAPAN	No 105	5.000	12/97	99.7480	-0.157	5.04	5.08	5.34
	No 2	5.700	3/07	104.3677	-0.246	5.24	5.32	5.42
GERMANY		6.500	5/98	99.4000	+0.100	6.50	6.46	6.66
FRANCE	BTAN	9.000	7/93	101.6010	-0.136	8.56	8.51	8.79
	OAT	8.500	6/97	98.3250	+0.125	8.77	8.77	9.22
CANADA		9.500	10/98	96.000	0.00	10.15	10.27	10.61
NETHERLANDS		6.500	7/98	100.1750	+0.150	6.41	6.38	6.62
AUSTRALIA		12.500	1/98	102.9864	-0.001	11.94	11.75	11.85

London closing.
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

Bund contract off to a champagne start

Dominique Jackson on an enthusiastic first day for Liffe's latest instrument

Champagne corks were popping yesterday at the official launch of the new German Government Bond (Bund) futures contract when Mr Norman Lamont, Financial Secretary to the Treasury, rang the bell for trading to commence oo the London International Financial Futures Exchange.



Designated firms are to keep a broker in the Bund pit for at least three months

The new contract is the first D-Mark denominated futures contract on a fixed-income bond available anywhere and fulfils a need by providing the first opportunity for investors in the German bond market to hedge their substantial Bund holdings against currency and interest rate volatility.

While it is always difficult to gauge just how well any newly developed derivatives product is going to perform, so far the excitement ahont the new Bund cootract seems to be more than warranted.

The German bond market is the now the fourth largest in the world with an estimated $150hn worth of paper outstanding. Until now it had been the sole big international fixed-income market without an associated futures market. The long-overdne launch of an effective risk management tool should help to hroaden the appeal of the cash market in Bunds.

To counteract possible problems of liquidity and depth of trading which have hlighted some recent launches – in particnlar, that of the Japanese Government Bond (JGB) contract – Liffe has, for the first time, appointed designated brokers for the contract. These 16 firms will be actively promoting the contract and have undertaken to keep a broker in the Bund trading pit for a minimum period of three months from the launch date.

The contract appeared to get off to an extremely good start yesterday with a volume of almost 3,000 lots traded within the first 90 minutes. This was the level cited hy Mr David Burton, Liffe chairman, as an acceptable total daily volume for the contract. Estimated volume yesterday was over 8,000.

According to Mr Nick Bolton, of Union Discount Futures, one of the designated Bund contract brokers, volume yesterday appeared promising, although it will not be possible to measure the success of the contract for some time.

For example, Japanese houses, which are expected to be active users, are currently occupied with other business as the September 30 end of the current Japanese financial period approaches. It will also be important to discover what proportion of business in the contract is purely inter-professional and how much is from end-users.

Mr Bolton said: "Interest has been high and we seem to have been seeing a high level of genuine business and have detected very few, if any, cross transactions purely to hoost volume." Crossing occnrs when brokers execute a purchase and sale simultaneously, dealing within the spread and thus boosting volume without incurring exposure.

Yet although initial indications are favourable, Liffe officials sounded the occasional note of caution, chastened perhaps by the exchange's experiences with the penultimate contract on JGBs which was launched with eveo more fanfare and optimism than was seen yesterday hut which is now languishing, with an average of only 600 to 800 cootracts traded daily.

However, Mr Michael Jenkins, Liffe's chief executive, was quick to point out the many distinctions between the two contracts.

These range from the most obvious features such as the vastly different time zones of the respective cash markets, to more arcane aspects such as the fact that the JGB contract is cash-settled while the Bund contract has physical delivery.

Although the percentage of cootracts which actually go through to delivery is negligible, physical delivery has been shown to provide a further boost to liquidity hecause it facilitates arhitrage hetween the futures and cash markets.

The JGB contract has also been hit by falling volumes in hoth the cash government hond markets and io the Euroyen sector. Trading of derivatives on exchanges distant from the ceotres where the main husiness in the underlying securities takes place has not had a good record and this has been cited as ooe of the main problems of the Liffe JGB contract.

Nevertheless, this is not an obstacle expected to be encountered by the Buod contract, which has a thriving cash market io German government bonds on its doorstep. At most times of the year, the main Frankfurt market place is only an hour away time-wise; and, more important, is the fact that a substantial proportion of turnover, possihly as much as 50 per cent, is Londoo-based.

German hanks have expressed great interest in the Liffe contract hut their level of participation may well be restricted by constraints of a political, rather than an economic, nature. Some senior figures in the German financial community have expressed their annoyance that Liffe is proceeding with a contract which belongs hy rights in Frankfurt.

Unfortunately, the German futures exchange, a computer-hased system known as the Deutsche Terminboerse (DTB), has been held up hy outdated German gambling laws and is not expected to be in action until December 1989.

By that time, Liffe hopes its Bund contract will have successfully reached a high level of depth and liquidity.

Active start, Page 43

Schneider buys into bank

SCHNEIDER, the French heavy engineering group, has acquired 51 per cent of G. Morhange et Cie, one of 24 specialist French money market banks. Company officials declined to give financial details of the deal, Reuter reports.

Schneider said the purchase was intended to improve its treasury management and other financial operations and to support the development of its subsidiaries.

The stake was bought mainly from majority family interests. Crédit Commercial de France and Banque de l'Union Européenne will each keep a 10 per cent stake in Morhange.

LBO fund from Manny Hanny

By David Lascelles

MANUFACTURERS Hanover Trust of New York has set up a $1bn leveraged buy-out bridge fund. It will provide bridge financing for non-hostile leveraged transactions requiring at least $500m until permanent funding is arranged.

Fed admits Yamaichi

YAMAICHI International yesterday became the seventh Japanese firm to be admitted hy the New York Federal Reserve Board as a primary dealer in the US Government bond market, along with County NatWest, Deborah Hargreaves writes from New York.

The inclusion of Yamaichi in the elite rank of dealers authorised to deal directly with the Fed when it huys and sells government securities is a sign that tensions are easing over access hy US firms to Japanese financial markets. In response to US pressure, Japan announced plans earlier this month to open further its primary market in Government bonds to foreign underwriters.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	90	12	10
Corporations, Dominion and Foreign Bonds	28	0	21
Industrials	490	269	843
Financial and Properties	213	123	327
Oils	34	16	56
Plantations	2	0	12
Mines	45	29	118
Others	75	63	138
Totals	977	512	1,524

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday September 29 1988 Index No.
1 CAPITAL GOODS (210)	791.40
2 Building Materials (29)	983.92
3 Contracting, Construction (37)	1359.96
4 Electricals (12)	[illegible]
5 Electronics (28)	[illegible]
6 Mechanical Engineering (58)	[illegible]
8 Metals and Metal Forming (7)	[illegible]
9 Motors (16)	[illegible]
10 Other Industrial Materials (23)	[illegible]
21 CONSUMER GROUP (185)	[illegible]
22 Brewers and Distillers (21)	[illegible]
25 Food Manufacturing (21)	[illegible]
26 Food Retailing (16)	[illegible]
27 Health and Household (12)	[illegible]
29 Leisure (30)	[illegible]
31 Packaging & Paper (17)	[illegible]
32 Publishing & Printing (18)	[illegible]
34 Stores (34)	[illegible]
35 Textiles (16)	[illegible]
40 OTHER GROUPS (93)	[illegible]
41 Agencies (19)	[illegible]
42 Chemicals (21)	[illegible]
43 Conglomerates (13)	[illegible]
45 Shipping and Transport (12)	[illegible]
47 Telephone Networks (2)	[illegible]
48 Miscellaneous (26)	[illegible]
49 INDUSTRIAL GROUP (488)	961.48
51 Oil & Gas (12)	[illegible]
59 500 SHARE INDEX (500)	1030.56
61 FINANCIAL GROUP (121)	[illegible]
62 Banks (8)	[illegible]
65 Insurance (Life) (8)	[illegible]
66 Insurance (Composite) (7)	[illegible]
67 Insurance (Brokers) (7)	[illegible]
68 Merchant Banks (11)	[illegible]
69 Property (50)	[illegible]
70 Other Financial (30)	[illegible]
71 Investment Trusts (78)	[illegible]
81 Mining Finance (2)	[illegible]
91 Overseas Traders (8)	[illegible]
99 ALL-SHARE INDEX (709)	[illegible]
FT-SE 100 SHARE INDEX	1829.8

FIXED INTEREST

PRICE INDICES	Thu Sep 29	Day's change %	Wed Sep 28	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked					
6 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Over 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Sep 26
- Last Dealings Oct 7
- Last Declarations Dec 22
- For settlement Jan 9

For rate indications see end of London Share Service. Stocks dealt in for the call included Crown Communications, ML Holdings, Trusthouse Forte, Brent Walker, Lonrho, Ward White, Wellcome, Morgan Grenfell, Lep Group, GM Firth, Kelt Energy, MetalBox, Tesco, Dixons, Telemetrix, C. Church and Ellingworth Morris.

LONDON TRADED OPTIONS

Option		CALLS Oct	Jan	Apr	PUTS Oct	Jan	Apr
Allied Lyons (*469)	390	85	93	105	2	7	11
	420	58	70	83	5	14	22

Option		CALLS Nov	Feb	May	PUTS Nov	Feb	May
LASMO (*543)	500	64	93	107	25	40	48
	550	38	64	78	43	60	67

[illegible]

September 29 Total Contracts 37,830 Calls 30,013 Puts 7817. FT-SE Index Calls 4096 Puts 1640. *Underlying security price.

UK COMPANY NEWS

United Newspapers advances to £53.5m

By Clay Harris

UNITED NEWSPAPERS, publisher with interests ranging from the Daily Express and Punch to the Extel financial news service, yesterday reported a 10.7 per cent rise to £53.6m in pre-tax profits for the six months to June 30.

However, earnings per share fell by nearly 8 per cent to 18.6p (20.2p), and the shares closed 8p lower at 390p.

In spite of the slippage in earnings, largely reflecting the issue of shares to buy Extel in the middle of last year, the interim dividend is increased to 7.5p (7p).

Of United's UK national newspapers, circulation of the Daily Express was marginally up but those of the Star and Sunday Express were down.

The advertising picture was mixed, with flat revenues from national newspapers, but increases from regional titles and business magazines.

Although still profitable, Extel's sports service to betting shops suffered from competition with Satellite Information Services, the live telecast company which is partly owned by the big four bookmakers.

United said financial advertising and the use of information services, particularly in the US, was still showing the effects of the October crash.

On turnover of £372.8m (£336.5m), trading profits rose to £54.7m (£49.9m). There were increased contributions from related companies and investment income, and net interest payments fell to £2.77m (£2.83m).

The estimated tax charge was £18.2m (£17.2m), and there were extraordinary credits of £957,000 (£1.83m).

See Lex

Saatchi share offer

Saatchi and Saatchi, advertising and business services group, is to issue 1.56m shares in Tokyo at 338.3p. The offering opened yesterday and will close on October 3. In London, Saatchi shares added 4p to 344p.

First-half advance of 56% boosts TV-am to £7.82m

By Fiona Thompson

TV-am, the breakfast television station, yesterday reported a 56 per cent advance in pre-tax profits from £5.02m to £7.82m for the six months to July 31 1988.

Despite the difficulties of the past year, Mr Ian Irvine, chairman, said he was confident that TV-am would continue to develop and "be in the forefront of British television in the future."

TV-am in March dismissed 232 ACTT technicians for refusing to agree changes in working practices. The technicians had been locked out since the previous November, with management doing their jobs. The Independent Broadcasting Authority this August summoned TV-am's management to a specially convened meeting to discuss areas of concern and Mr Bruce Gyngell, TV-am's managing director, gave assurances on action the station would take.

The IBA followed this up with a letter saying it wished to see proposals for substantial improvement in four areas – regional coverage, weekend news bulletins, children's programmes and programme presentation.

Mr Gyngell provided these detailed proposals, the IBA said the suggestions were helpful and it would judge their effectiveness by what appeared on screen. The IBA confirmed yesterday that it would be reviewing TV-am's performance again in November, senior staff would be monitoring output over a two to three week period and submitting written reports.

Mr Irvine stressed yesterday that the IBA had never said that TV-am was at risk of losing its franchise. The IBA confirmed this.

Turnover rose from £24.07m to £28.83m. The Exchequer levy was £4.76m (£3.15m), investment income contributed £866,000 (£521,000) and the tax charge was £2.84m (£178,000).

Earnings per share were 7.8p (7.4p) and an interim dividend of 1.5p (1.0p) was declared.

● COMMENT

The City was pleased with these results and marked the shares up 7p to 153p last night. With virtually all turnover coming from advertising revenue, TV-am's 20 per cent increase is a sight better than the industry's 15.7 per cent rise, and boosts its share of total network ad revenue from 3.83 per cent to 3.95 per cent. Having been shown the yellow card from an IBA keen to flex its muscles, TV-am is clearly *doing what was needed* and should not feel unduly worried about November. The savings on technicians' salaries has provided the increased funds for programmes and regional expansion, but must also have given a boost to the cash pile which stood at £22m halfway. The end of the tax holiday has depressed earnings growth this time but should sort itself out by the year end. Analysts are looking for full year pre-tax profits of £18.5m, putting the shares on a prospective p/e of 8.5, relatively cheap on its potential.

Brent Walker poised for LLG bid after share raid

By Paul Cheeseright, Property Correspondent

BRENT WALKER, the expanding leisure and property group, yesterday was poised to make a full takeover bid for Local London Group after a further swoop into the market for more shares.

James Capel, stockbrokers, during the afternoon bought for Brent Walker 2.07m Local London shares, lifting the Brent Walker stake from 14.9 per cent to 24.99 per cent.

No comment was immediately available from Local London, a property company specialising in the provision of serviced offices, but in recent days Mr George Walker, Brent chairman, has had two meetings with Local London.

Brent Walker is presenting its acquisition of the stake as a strategic investment, but the stock market believes a full scale bid is likely to follow the group's two swoops on the market. The latest buying has been done at a price of 550p for each Local London share. This is the same price at which Brent Walker was buying a week ago and compares with a Wednesday closing price of 525p. Yesterday evening Local London shares settled at 550p.

Local London has a stake of 25.3 per cent in Marina Development Group, the largest marina operator in Britain and the point at which Brent Walker and Local London interests meet. In response to Brent Walker's foray in the market, the Marina Development shares rose 15p to 420p.

Brent Walker shares closed 4p higher at 356p.

FAI Insurances gains 14.9% of Goode Durant

By Ray Bashford

FAI Insurances, the insurance and investment group controlled by Australian entrepreneur Mr Larry Adler, has acquired a 14.9 per cent holding in Goode Durant, industrial and financial management company.

Control of the stake is understood to have been transferred as part of the fall out from a deal last month between Mr Adler and Ariadne Australia, which was hit heavily by the October stock markets crash.

Through that deal, Mr Bruce Judge regained a 19.9 per cent holding in Ariadne from Mr Adler who had stepped in to buy control of the company in the wake of the crash.

The stake in Goode Durant is part of a 17.8 per cent interest which remained after Mr Judge reduced his holding from 41.5 per cent in September last year.

The balance of the 17.8 per cent holding has been placed with unknown buyers.

Acquisitions lift Whittington

Acquisitions made in 1987 enabled Whittington, metal fabricator, to boost pre-tax profits to £269,000 (£81,000) in the first half of 1988. Turnover more than doubled to £5.99m.

Earnings were 1.2p (0.3p), the interim dividend 0.2p (nil).

Quadrex sues two brokers

By Clay Harris

THE YEAR-LONG uncertainty over the future of M.W. Marshall, the world's second largest money broker, and William Street Holdings, a US government securities broker, took a new turn yesterday when Quadrex Holdings said it had filed suit in London against the two companies and their top executives.

Quadrex, US parent company of a London securities firm headed by Mr Gary Klesch, claimed the defendants had been "instrumental in obstructing or frustrating" its acquisition of the two companies from British & Commonwealth Holdings.

B&C, which still owns the two wholesale broking operations, is not named in Quadrex's suit. Its own legal action against Quadrex, filed in February after Quadrex failed to complete the £280m purchase of the two operations, is still pending.

Quadrex said it was seeking damages in relation to the losses it had incurred as a result of being prevented from making the acquisition of the two companies, which were formerly part of Mercantile House Holdings.

Quadrex said last night that its proceedings "allege conspiracy, interference with contractual rights and intent to injure Quadrex's commercial interests." They also allege that B&C was "induced by the defendants to commit breaches of the acquisition agreement and to repudiate it or bring about its commercial frustration."

In addition to the two subsidiaries, Quadrex also named Mr Michael Knowles, Marshalls chairman, and Mr Vincent Griffo, William Street chief executive, as defendants.

Adwest 30% ahead despite loss in general engineering

By Ray Bashford

ADWEST GROUP, diversified engineering and property group, boosted pre-tax profits by 30 per cent to £13.5m during the year to June 30.

Directors also announced a one-for-one scrip issue and a sharp increase in the final dividend. Earnings per share advanced 31 per cent to 29p.

Adwest relied heavily on improved results at its automotive engineering and industrial and commercial property development operations and these easily offset a slide into the red at the general engineering division.

Higher orders from European car makers added in pre-tax profit of £3.6m (£1.9m) at the automotive engineering division, while an increase in returns from related companies to £3.2m (£1.8m) was largely due to a 50 per cent stake in a housing development group.

Reorganisation at the general engineering division came too late to avert a £202,000 loss (£1.1m profit). A reduced order book was reflected in a fall in pre-tax profits at the defence division to £1.7m (£2.4m).

Turnover advanced 10 per cent to £97.9m (£88.6m) and profits on continuing operations were £13.5m (£11m).

Mr Michael Waller, chief executive, said the scrip issue had been made because he believed it would be a "reward to loyal, small shareholders." They will also receive a final dividend of 9.27p (7.6), lifting the total to 11.75p (9.4p).

● COMMENT

The scrip issue will do nothing to dampen speculation that Adwest could be an attractive takeover proposition. It will certainly strengthen the support of small shareholders (with 25,000 shares or less), who hold 20 per cent of the capital. As the latest results indicate, the group's fortunes are linked strongly to the house market, an area of particular interest at present. However, higher sales to West German car makers and an improved order book for the defence division would help to counter any downturn in the housing and other property operations. The board is intensifying efforts to improve the performance of general engineering but there is a long way to go before it makes anything approaching a satisfactory return and a more aggressive approach from management could be called for. Assuming pre-tax profits of £15.5m, Adwest's prospective p/e of 10.3 is fair but holds a strong speculative element.

Dixons shares fall after chairman's statement

By Maggie Urry

SHARES OF Dixons, the electrical retailer, fell 7p to 144p yesterday, largely in reaction to the annual meeting statement from Mr Stanley Kalms, chairman and chief executive.

He said, "Dixons' and Currys' trading continues to be difficult, although the outcome for the year as usual remains dependent on Christmas trade."

"Our other divisions are performing well," he continued, "with the exception of the film processing mail order division which suffered a temporary setback as a result of the recent post office dispute."

Dixons' pre-tax profits for the year to end-April had shown a rise of less than 1 per cent to £103.1m, and earnings per share fell from 19.5p to 16.4p.

When the results were announced in July Mr Kalms had said there were signs of a more positive trend.

Audio Fidelity

Audio Fidelity more than doubled pre-tax profits from £619,000 to £1.33m in the year to June 30 on turnover ahead 27 per cent at £10.76m.

A final dividend of 1.25p is recommended, making a total of 1.5p for the year. Earnings moved up from 7.1p to 16p per 10p share.

The directors of the company, said that while continued organic growth was anticipated, substantial growth in earnings would be enhanced by acquisitions.

Capital and Regional 75% ahead

Capital and Regional Properties, USM-quoted property investment group, lifted pre-tax profits 75 per cent from £173,503 to £302,794 for the six months to June 24. Earnings were 1.75p (0.95p) and the interim dividend is 0.2p.

SE executive overruled in Canal dispute

By Ian Hamilton Fazey, Northern Correspondent

THE EXECUTIVE of the Stock Exchange has been overruled by the full Quotations Panel on the crucial who-can-vote dispute over the future of the Manchester Ship Canal Company.

The decision means that controversial proposals to restructure the company are almost certain to go through when yesterday's extraordinary general meeting resumes next Thursday.

The meeting was adjourned yesterday at the request of the Stock Exchange after claims from opponents of the restructuring that the postal strike had delayed small shareholders' proxies.

The adjournment was expected to be a simple and speedy formality, but the revelations about the Stock Exchange ruling meant that the process took 2 hours 17 minutes of acrimonious debate and flowing insults.

They started after Mr Grahame Elliott of the Small Shareholders' Protection Associetion asked Mr Robert Hough, the prominent Manchester solicitor who chairs the company, to confirm that the executive of the Stock Exchange had on Monday ruled confidentially that Great Hey Investments, the controlling shereholder, should abstain from voting over the restructuring proposals.

Great Hey is owned privately by Mr John Whittaker, the Lancashire property developer who won the bitter takeover battle for the canal in 1987. Restructuring would increase his influence by removing Manchester City Council's statutory right to a boardroom majority of one.

The minority shareholders, who are led by Mr Nicholas Berry of Harrap, hoped that the councillors would hamper Mr Whittaker, but the council is supporting the move in return for repayment of a £7m debenture and £3m from the future profits of a joint property development company it is forming with Great Hey.

Mr Hough confirmed that Great Hey had been told to abstain, but then delivered what was clearly a stunning blow to Mr Berry and his supporters - he had appealed to the Quotations Panel on Wednesday and the executive had been overruled.

He said the Panel had accepted that Great Hey was not a beneficiary, but the underwriter of the whole restructuring proposal. It was taking a big risk and assuming a liability. The prima facie case accepted by the exchange's executive had evaporated once this had been explained.

Mr Berry asked Mr Hough how he could have appealed in the capacity of a chairman representing the interests of all shareholders, when he was really a front man for Mr Whittaker. To loud applause, he accused Mr Hough of a serious conflict of interest.

Mr Hough took strong exception to this. He was his own man, writing his own letters. "Mr Whittaker does not even read them," he added.

"You will be judged by your acts. Either you are naive or you are not telling the truth," Mr Berry retorted.

Mr Hough defended the company's marked progress since the takeover and attacked "a myth of mistrust that has been placed around Mr Whittaker on a personal basis," when he was actually highly respected by Government and the City. Mr Whittaker, who says he developed his reputation for disciplined toughness and teamwork by playing rugby for Fylde, sat embarrassed and silent on the platform.

Long exchanges about adjournment of the meeting were resolved when Mr Hough voted nearly 50,000 general proxies in favour of a one-week pause. This went against the near-unanimous wish of the 70 shareholders on the floor of the meeting for a three-week break before resumption of hostilities.

Mr Hough revealed that there was a plot behind the rush - a large plot of land owned by Manchester City Council in Wythenshawe. If the city cannot sell this to the new joint property development company before early October, it will have to go for auction. Mr Graham Stringer, the council leader and a director of the ship canal, said later that recent experience had been that lower prices were achieved at auction and tha council wanted the deal to be done now.

Mr Berry and his advisers retreated. They are to ask the Stock Exchange why they were not allowed to argue their case to the full Quotations Panel and may press for the hearing to be re-opened.

DP America Growth Fund

The Quarterly Report as of 30th June 1988 has been published and may be obtained from:

Pierson, Heldring & Pierson N.V.
Herengracht 214, 1016 BS Amsterdam.
Tel. + 31 - 20 - 211188

Beazer sells three Koppers units for $48m

By Philip Coggan

Beazer, the construction and aggregates group, has sold three of the units of Koppers, the US aggregates and chemicals business which it acquired for $1.7bn earlier this year.

The three units, which were sold for a total of $48m (£28.5m), were the coatings division, Keystone Environmentel Resources and Kopvenco, a venture capital organisation.

Negotiations were also taking place on the sale of three further units, Koppers International Canada, Ivy Steel and Wire, and Meadow Steel Products.

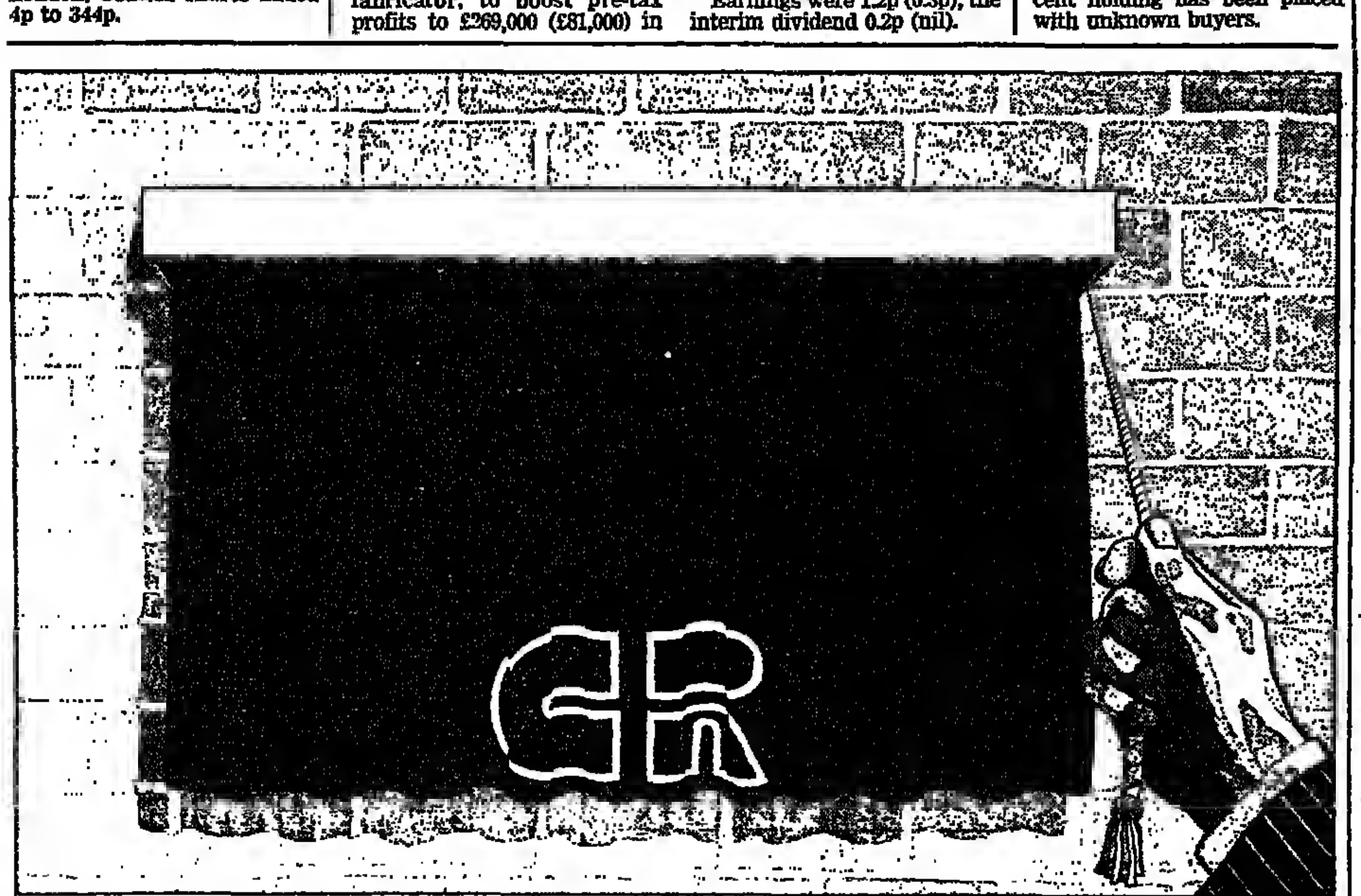
Beazer still hopes to announce the disposal of Koppers' chemicals business. A $660m sale via a management buyout was abandoned in July.

Thom Robinson in £8.5m buy

THOMAS ROBINSON Group, the engineering mini-conglomerate, yesterday announced an £8.5m acquisition.

Robinson is purchasing, from Simon Engineering, the Simon Milling Machinery Companies, manufacturers and contractors of plant and equipment for the cereal milling and animal feed milling industries.

The acquisition will be financed by an issue of 2.43m shares at 360p a share.



After a successful first half, we look forward to unveiling even better news at the year end.

1988 is likely to be the most significant and successful year in the company's 10 year history.

In the UK, three major purchases since January are expected to impact very materially on the value of the portfolio at the year end.

USA operations in Gary, Indiana and East Chicago are also showing very satisfactory results and should contribute substantially to net asset value this year.

The company is soundly based, with interest costs covered by existing rental income, even though much of the portfolio is currently let at rents below open market levels.

We look forward to the year end, with a most satisfying growth in net assets in prospect.

Unaudited first half results show pre-tax profits up 75% at £302,794 (1987 first half: £173,503) and earnings per share up 84% at 1.75p (1987 first half: 0.95p).

The Directors have declared a doubled interim dividend of 0.2p per share.

Capital and Regional Properties plc

22 GROSVENOR GARDENS, LONDON SW1W 0DH
Telephone: 01-730 5565.

The contents of this advertisement are based on the Interim Report, and have been approved by the Company's Auditors, Messrs Stoy Hayward, a firm authorised by the ICAEW. Copies of the Report are available from the Secretary.

Brixton Estate

International investors in commercial property

Interim Report 1988

	Six months to 30th June 1988 £000's	Six months to 30th June 1987 £000's	Year 1987 £000's
Net Rental Income	13,556	12,077	25,419
Investment Profit	6,538	5,591	12,172
Profit before Tax	7,690	6,041	13,204

Six months' figures unaudited

- 27% increase in profit before tax
- 17% increase in investment profit
- Interim Dividend 3.50p per share – up 17%

A copy of the full Interim Report, which has been sent to all shareholders, may be obtained from:
The Secretary, 22-24 Ely Place,
London EC1N 6TQ.

Brixton Estate

UK COMPANY NEWS

Minorco sees no reason for bid to go to Panel

By Kenneth Gooding, Mining Correspondent

THERE WAS no reason for Minorco's £2.9bn bid for Consolidated Gold Fields to be referred to the UK Monopolies Commission, Mr Roger Phillimore, one of the new Minorco executive team, insisted yesterday.

The UK Labour Party has been campaigning for an inquiry on the grounds of public interest because more than 60 per cent of Minorco's shares are held by South Africans. It claimed last week that, if the bid was successful, South African investment in the European Community would double.

Mr Phillimore said yesterday: "We do not think that there is any basis for referral. There are no competitive grounds whatsoever."

He also denied it was a highly leveraged bid. Minorco could take its shareholding in Gold Fields up to nearly 50 per cent (from the present 29 per cent) by using its own ready cash and to 70 per cent by issuing shares.

The London stock market yesterday appeared to be more confident that the UK authorities would not intervene and the Gold Fields share price moved up another ¼ to £13¼. This followed a 37.5p jump on Wednesday, prompted by rumours from Johannesburg that Minorco would make an all cash offer of at least £14.50 a share.

With the Minorco shares at 705p each last night the offer is worth just over £13 Gold Fields share.

Meanwhile, Mr Rudolph Agnew, chairman of Gold Fields, yesterday resigned from the board of Anglo American Corporation, part of the Oppenheimer family empire which with its sister company, De Beers, controls about 60 per cent of Minorco.

His letter to Anglo again raised the issue of Minorco's apparent about-face over some key shareholdings in the Gold Fields' portfolio.

Mr Agnew recalled that Minorco said when making its offer that, if it was successful, it would sell Gold Fields' 38 per cent shareholding in Gold Fields of South Africa (GFSA) and reduce its interest in Newmont Mining, the US gold producer of which Gold Fields owns 49 per cent.

However, until the bid came along, Anglo had encouraged Gold Fields to retain its shareholding in GFSA and had fully supported Gold Fields' rescue of Newmont from an unwelcome takeover approach last year.

A delegation from Gold Fields yesterday took up Wednesday's invitation from Lord Young, the UK Industry Secretary, to meet officials at his department to discuss the possibility that there had been a massive leak of inside information in advance of Minorco's announcing its offer.

Pittard shares rise well above bid price

By Clay Harris

SHARES in Pittard Garnar jumped 39p to 217p yesterday, well above the value of the £40.7m hostile bid launched late on Wednesday by its fellow leather group, Strong & Fisher.

The Office of Fair Trading, meanwhile, confirmed that it was studying the bid.

In 1986, an offer by Strong for Garnar Booth, one of the current target's predecessor companies, was referred to the Monopolies and Mergers Commission.

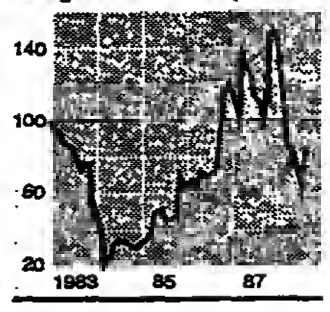
However, Strong abandoned the bid before the commission had a chance to report, and Pittard subsequently took over Garnar after a battle with Hillsdown Holdings, the diversified industrial and consumer products group.

Hillsdown, which emerged with a 16 per cent stake in Pittard, may play a key role in the outcome of the latest offer. Hillsdown said yesterday that it was "watching developments."

Regulatory scrutiny is likely to focus on the UK sheepskin market. Strong is estimated to have between 25 and 30 per cent of the sector, with Pittard not far behind.

Pittard Garnar

Share price relative to Strong and Fisher share price



Any prospect of Hillsdown mounting a "white knight" bid for Pittard is complicated by its third-place ranking in the same market.

In addition to citing monopolies questions, Pittard said the offer price represented an "insignificant premium" and there was no case for a merger.

Strong shares fell 12p to 248p, valuing the offer for Pittard at 189.4p. Strong is offering three shares and £11.50 in cash for every 10 Pittard shares.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Adwest ....fin	9.72	-	7.8	11.75	9.4
Albany Inv Tst ....int	0.7	Oct 17	0.65	-	2.25
Audio Fidelity ....fin	1.25†	Nov 24	-	1.5	0.5
Boustead ....int	0.3†	Nov 14	0.1	-	0.5
Brixton Estate ....int	3.5	-	3	-	7.8
Caird Group ....fin	3	-	0.5	4	0.5
Cap & Regional §....int	0.2	Nov 11	0.1	-	0.3
Cl Group ....int	0.7†	Jan 3	0.525	-	1.375
Clinton Cards § ....int	1	Nov 11	-	-	-
Colroy ....fin	0.85	-	-	0.85	-
Dowding & Mills ....fin	1.29†	Nov 3	1.12	2	1.76
Frogmore Estates ....fin	7.7†	Nov 11	6.468	10	8.608
Geest ....int	2.25†	-	1.9	-	4
Hay (Norman) ....int	0.86	Dec 5	0.567*	-	1.667*
Headlam, Sims ....int	0.75	Oct 25	nil	-	1
Throgmort Dual ....fin	4	-	3.5	6	5
Time Products ....int	2.5†	Jan 6	1.75	-	4.8
TV-am § ....int	1.5	-	1	-	4.5
Utd Friendly § ....int	9.6	-	8	-	25
Utd Newspapers ....int	7.5	Nov 2	7	-	19
Whatman Reeve ....int	1.5	-	1.2	-	4
Whittington ....int	0.2	-	nil	-	0.2
World of Leather ....int	0.8§	Nov 14	-	-	3.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ‡Third market.

Frogmore surges to £39.5m

By Paul Cheeseright, Property Correspondent

FROGMORE ESTATES, the property investment and trading company which over the past two years has been restructuring its portfolio, has lifted its net asset value per share by 65 per cent to 463p.

Pre-tax profits, which the company had foreshadowed would be "exceptional," rose to £39.5m in the year to June from a restated £15.8m last year.

These results helped push the market price of the shares up 17p to 432p in a generally firm property sector.

The rise in asset value, boosted by the valuation of office properties acquired in Holborn – which have subsequently been refurbished and relet – and helped by the general increase of property values, was higher than that of most property groups, although comparisons are difficult because of different year ends.

At the company's year-end its investment portfolio was valued at £186m and net assets totalled £182m.

The pre-tax figure comprises the sale of both dealing and investment properties and rental income of £12m. Sale of investment properties realised £11.9m before taxation. Frogmore classifies any property held for more than two years as an investment property.

Earnings per share, excluding any input from the sale of investment properties were 42.8p, against 28.2p in 1986-87, and covered prospective dividend payments more than four times.

Shareholders are to receive a final dividend of 7.7p, making a total for the year of 10p, compared with 8.608p last time.

At the year-end Frogmore had £28m of debt, but this has now increased to around £40m. The company has £150m of facilities in place.

Frogmore is seeking to build a portfolio in which there are ready opportunities to increase the value of individual properties, so a steady flow of sales and acquisitions is expected to continue. "By working the portfolio we should secure above average growth," said Mr Phillip Davies, the managing director.

Clinton Cards improves

Trading profits at Clinton Cards increased from £123,000 to £165,000 in the six months to July 30, but with the inclusion last time of a £94,000 property contribution, the pre-tax balance fell to £151,000, against £197,000 previously.

With turnover up 54 per cent to £7.63m, the interim results reflect the fact that sales are very much higher in the second half. The results are the first since Clinton joined the USM in April.

The first-half tax charge was £53,000 (£36,000) and earnings per 10p share cama to 0.8p (1.4p). The interim dividend is 1p.

Brixton Estate rises to £7.69m

By Paul Cheeseright, Property Correspondent

BRIXTON ESTATE, property development and investment group, continued its steady profits rise during the first half on the back of a strong industrial market.

Pre-tax profits for the six months to end-June were £7.69m compared with £6.04m in the first half last year and £13.2m for the whole of 1987. Earnings per share rose to 6.95p (5.34p) and the interim dividend is lifted to 3.5p, against 3p last time.

The group specialises in industrial property, largely in the south east of England, although it has interests in Belgium, France, Germany, Australia and the US, and also has significant office properties.

The industrial property sector in the UK has been performing strongly with returns outstripping those of offices and retail property. This was reflected in the growth of net rental income, which rose to £13.56m (£12.06m).

Brixton lifted property dealing profits from £450,000 to £1.15m following sales of property on London's North Circular Road, although such a doubling would not necessarily be repeated in the second half.

The basic sources of Brixton's income will be the same in the current period as during the first six months, although developments in High Wycombe and in west London will start producing rental revenue. Over the longer term, proposals for a 160 acre mixed development at Hersham in Surrey are likely to be the subject of a planning enquiry next year.

STC offshoot in Danish deal

By Hilary Barnes in Copenhagen

ICL, informations system subsidiary of STC, has acquired a 50 per cent stake in Regnecentralen, Danish computer manufacturer.

The deal marks the second European joint venture agreement announced by ICl this week, the first being with a Spanish software house.

Mr Tomo Razmilovic, ICL European president, said thet similar agreements could be expected as ICL sought to strengthen its position in preparation for the completion of the EC's internal market.

The partnership with RC, supplier of packet-switching networks and micro- and mini computers, will create a Danish unit with over 700 employees and a turnover of DKr 600m (£50m).

The Danish company, founded in the late 1950s, has consistently failed to generate sufficient profits to build up a marketing and sales apparatus to match the technical excellence of its products.

RC made substantial losses of about DKr 30m in both 1986 and 1987, but expects to come close to break even in the current year and in partnership with ICL should make a substantial profit in 1989.

The merger will take place by a doubling of RC's share capital to DKr 140m. ICL will acquire the new capital at its nominal value.

The company will operate under its Danish name while ICL will supply management know-how under a five-year management agreement.

Asia Pacific Growth Fund

The Quarterly Report as of 30th June 1988 has been published and may be obtained from:

Pierson, Heldring & Pierson N.V.
Herengracht 214, 1016 BS Amsterdam.
Tel. + 31 - 20 - 211188

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities.

NSM plc

Registered in England No. 178633

Issue of 34,280,120
Convertible Cumulative Redeemable
Preference shares of 10p each
and 25,014,117 Ordinary shares of 10p each
in connection with the proposed acquisition of

Bison Holdings Limited

The Council of The Stock Exchange has granted permission for the above mentioned securities to be admitted to the Official List. Listing Particulars relating to the above mentioned securities are available in the Extel statistical service and may be obtained up to and including 4th October, 1988 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD. Copies of the Listing Particulars will be available for collection during normal business hours on any weekday (except Saturdays) up to and including 20th October, 1988 from:—

NSM plc
Carlton House
Carlton Road
Worksop
Notts S81 7QF

Robert Fleming & Co. Limited
25 Copthall Avenue
London EC2R 7DR
Member of T.S.A. and I.S.E.

Chase Investment Bank Limited
Woolgate House
Coleman Street
London EC2P 2HD

30th September, 1988

FROGMORE ESTATES PLC

Highlights from the results for the year ended 30th June 1988

RECORD PRE-TAX PROFITS OF £39.5m

Pre-tax profits		
– from trading activities	£27.6m	
– from investment property sales	£11.9m	
	£39.5m	+149%
Total profit after taxation	£26.5m	
Final net dividend of 7.7p making a total for the year of	10.0 p	+16%
Net asset value per share	463p	+65%

Investment portfolio valued at £186m, up 47%

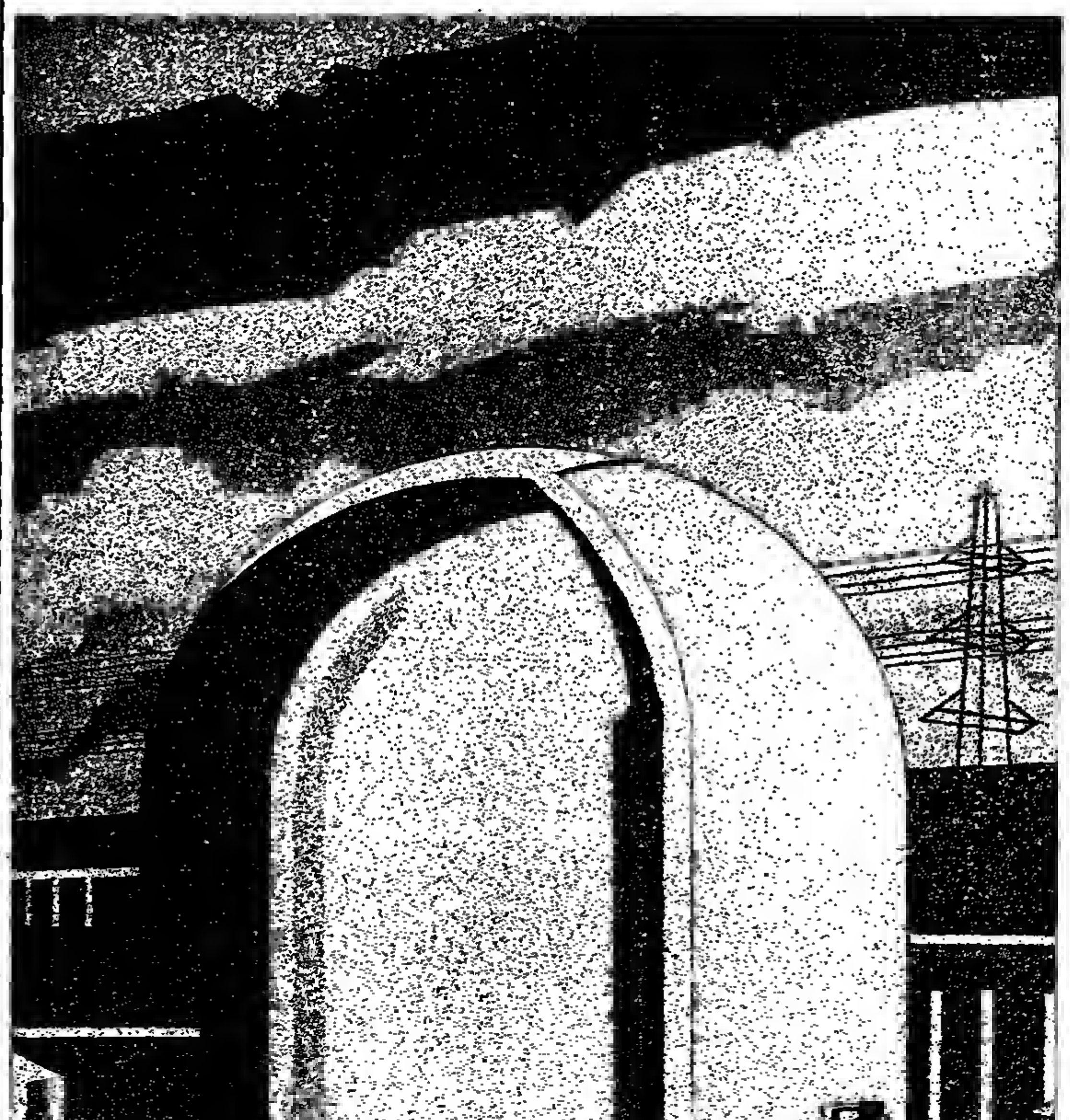
Opportunity investments represent 73% of portfolio

Trading activities successfully expanded and diversified to create future profits

Notwithstanding present uncertainties, we are confident that substantial growth in assets will continue.

The Company's Report and Accounts will be available during October. To obtain a copy please write to: Frogmore Hall, Watton-at-Stone, Herts. SG14 3RW.
Tel: (0920) 830033.

GIVING OUR CHILDREN MORE ENERGY



When finally completed in the mid 1990's, Sizewell B will be the world's most advanced power station. And the BICC Group will have been significantly involved.

HOW BICC IS HELPING TO MEET TOMORROW'S ENERGY NEEDS

The worldwide consumption of energy is massive and growing constantly. And the creation and distribution of this energy relies very heavily on the types of products and capabilities that have been developed by the BICC Group.

TRENDS IN POWER STATIONS

The increased concentration of equipment and systems requires increasingly sophisticated electrical and mechanical installation skills.

Systems for communications, management information, energy management, and heating and ventilation are also becoming more sophisticated.

In addition, details like cable design specification are becoming more and more stringent.

BICC is at the forefront of all these technologies which will benefit all power stations in the future. So the energy for our children will be provided more safely and economically than ever before.

OTHER SOURCES OF ENERGY

BICC is also involved, worldwide, in other energy projects – such as the construction of massive hydro-electric dams in Indonesia and Sri Lanka, and in the possible harnessing of tidal waters.

Power and the construction capability to create and deliver it will play an indispensable role in our children's lives. And we at BICC are committed to helping provide it.

For more information please write to:
Tim Sharp, Head of Corporate Communications, BICC plc, Devonshire House, Mayfair Place, London W1X 5FH.

BICC

ENGINEERING TOMORROW'S WORLD

U.S. $500,000,000
The Republic of Italy
Floating Rate Notes due 2005

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from September 30, 1988, to October 31, 1988, the Notes will carry an interest rate of 8½% per annum. The interest payable on the relevant interest payment date, October 31, 1988, will be U.S. $73.19 per U.S. $10,000 nominal amount in Bearer (Coupon No. 38) or Registered form and U.S. $1,829.86 per U.S. $250,000 denomination in Bearer form (Coupon No. 38).

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
September 30, 1988 CHASE

DANISH INDUSTRY & EXPORTS

The Financial Times proposes to publish this survey on:

24th October 1988

For a full editorial synopsis and advertisement details, please contact:

Ruth Pincombe
on 01-248 8000 ext 3428

or write to her at:

Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

CIVAS 6 LIMITED
U.S.$100,000,000
Secured Floating Rate Notes due 1992

Interest Rate 9.0425% p.a. Interest Period September 30, 1988 to March 30, 1989. Interest Payable per US$100,000 Note US$4,546.37.

September 30, 1988, London
By Citibank, N.A., (CSSI Dept.), Agent Bank

INDIA

The Financial Times proposes to publish this survey on:

20th December 1988

For a full editorial synopsis and advertisement details, please contact:

Hugh Sutton
on 01-248 8000 ext 3238

or write to him at:

Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Republic of South Africa

U.S.$ 75,000,000
Floating Rate Notes 1984/1989

The Rate of Interest applicable to the Interest Period from September 30, 1988 to March 29, 1989, inclusively, was determined by Dresdner Bank AG (London Branch) as Reference Agent to be 9% per cent per annum. Therefore, interest per Note of U.S.$ 10,000 principal amount is due on March 30, 1989, the relevant Interest Payment Date, in the amount of U.S. $452.50

Frankfurt am Main,
in September 1988

Dresdner Bank
Aktiengesellschaft
Principal Paying Agent

UK COMPANY NEWS

TR stresses role of independents

Philip Coggan on an investment trust's move to resist takeover

IS THE future of the investment trust industry under threat? It is, according to TR Industrial and General, the Touche Remnant-managed trust which is facing a £560m bid from the British Coal Pension Funds.

TRIG is lobbying the Office of Fair Trading for the bid, the largest ever made for an investment trust, to be referred to the Monopolies and Mergers Commission. It sounds like a desperate throw from a management group which has faced attacks on one after another of its trusts, but Touche Remnant maintains that there is a serious case for a reference.

TRIG also reveals in its submission that BCPF made an approach last year with a view to taking a stake in Touche Remnant itself. The current bid for TRIG would have this effect since the trust owns 27.5 per cent of the unquoted management company.

Over the last 15 years, investment trusts have lost out in the popularity stakes to unit trusts. In 1975, the net assets under investment trust management were £5.67bn, compared with £2.51bn managed by unit trusts. The ratio has now been reversed. On July 31, unit trusts managed net assets of £41.55bn and investment trusts just £20.58bn.

However, TR argues that investment trusts are a much better vehicle for the private investor, whom the Government is supposedly trying to encourage. Statistics can be produced either way to show whether investment or unit trusts have performed better in the long term; but investment trust charges are definitely cheaper.

TRIG says its management charge is about 0.2 per cent per annum, compared with an average unit trust management charge of 1 to 1.5 per cent. In addition unit trusts make a front end charge of between 5 and 7.5 per cent, whereas an investor buying shares in an investment trust would pay an average of about 1.65 per cent in commissions. Add in the fact that the bid/offer spread on unit trusts is normally larger and the attractions of investment trusts appear self-evident.

However, although the trusts have made an effort to increase their popularity through regular savings schemes, unit trusts have two crucial advantages. They have the freedom to advertise, and to pay commissions to intermediaries.

The lack of demand for investment trusts' shares is reflected in their discount to net asset values. That in turn represents an opportunity for institutions like the British Coal Pension Funds to take them over at a profit.

A series of trusts have in recent years been taken over or unitised in order to realise their net asset value. This tendency, TRIG argues, diminishes the number of independent fund managers, thereby reducing the investor's choice.

"In particular," TRIG's submission argues, "many insurance companies manage unit trusts and by purchasing investment trusts....they are able to reduce significantly competition for those investment funds."

If TRIG is taken over, the submission argues, other trusts, including Globe, the largest, where BCPF owns 28.8 per cent, may not be far behind.

It remains to be seen whether TRIG's advocacy, which is believed to be supported by the Association of Investment Trust Companies, will sway the OFT. The investment trust industry is far from united, as demonstrated this week when River Plate & General took a 28.6 per cent voting stake in TR Australia and said it wanted to see a unitisation scheme, or some other means of realising net asset value.

The battle for TRIG may yet be decided by hard cash rather than theoretical arguments. On Wednesday, TRIG announced a planned 17 per cent full-year dividend increase and said its net asset value, as of September 12, was 141p per share, compared with the BCPF offer of 129.5p. The trust also announced an interim dividend of 1.2p (0.8p).

TRIG's board has not produced any alternative scheme, like unitisation, to allow shareholders to realise the full asset value of the fund. However, the defence document says that, if the bid fails, the board will meet BCPF to discuss alternative arrangements.

BCPF is expected to make a statement today and is likely to stick to its guns. On Wednesday, it said that it continued to believe that its offer represented fair value.

Geest rises 18% to over £9m at midway

By Andrew Hill

GEEST, fresh produce and prepared foods group, increased pre-tax profits by 18 per cent from £7.74m to £9.16m in the 26 weeks ended July 2.

Turnover also rose 18 per cent to £239m (£203m) and earnings per share were up from 8.6p to 9.3p. An interim dividend of 2.25p (1.9p) was declared.

Mr Leonard van Geest, chief executive, said trading profits – up from £6.73m to £8.83m – had grown faster than the pre-tax figure because of reduced exceptional gains from property and land sales, which fell from £1.01m, after restructuring costs, to £333,000.

Following a much stronger year from the banana import business for which Geest is best known, fresh produce sales increased to £210m (£189m), generating trading profits of £8.87m (£7.71m). Sales in 1987 were hit by bad weather in the Windward Islands.

Mr van Geest said other areas of the fresh produce operation suffered following the wet summer in the UK which boosted supplies but reduced demand.

Geest added Clipper Group, manufacturer of fish products, to the food preparation division just over a year ago, but low margins held back the division's overall margins in the first half. Trading profits increased from £667,000 to £1.01m on sales of £23.5m (£6.31m).

In August, Geest bought Katie's Kitchen, chilled pizza and prepared recipe manufacturer, for £9.9m.

● COMMENT

The sourcing of raw materials, and the saucing of prepared meals are two of the crucial ingredients in the development of Geest's prepared foods division, sales from which, Mr van Geest suggests, could eventually match the established fresh produce operation. The division's existing businesses increased profits by 30 per cent and turnover by 36 per cent, so City gourmets' criticism is reserved for Clipper's low-margin performance, yet to respond fully to management and product changes. Elsewhere, cash flow is good – £3m of cash in the bank after the acquisition of Katie's Kitchen should grow to £10m by the end of the year – and Geest's relationship with the multiples, which account for about 43 per cent of its business, is strong. Despite this the shares, down 2p to 262p yesterday, look fairly valued. Pre-tax profits of about £17m in the full year would put them on a prospective p/e of about 15, another deterrent for potential predators like Northern Foods, already confronted by a 38 per cent Geest family shareholding.

BOARD MEETINGS

TODAY

Interims- Ambrit Intl, Churchbury Estates, Coales Brothers, Conrad, Fortnum & Mason, PML, Plastic Construction, Royal Trust Dollar Inc Fund, Sherwood Group, Top Value Inds, Triplevest, Wankie Colliery.

Finals- AB Electronic, China & Eastern Inv, Courtney Pope, Microfilm Reprographics, Royal Trust Japan Growth Fund, Welsh Ind. Inv. Trust

FUTURE DATES

Interims-	
Atlantic Secs. Trust	Oct. 7
Austin Reed	Oct. 6
Brown & Jackson	Oct. 5
English National Inv	Oct. 26
Eurotunnel	Oct. 3
Helical Bar	Oct. 5
Mustenin	Oct. 6
Plumb	Oct. 5
Sharpe & Law	Oct. 25
Finals-	
BM	Oct. 11
Honeysuckle	Oct. 14
Medminster	Oct. 10
Witwatersrand Areas	Oct. 6
Personal Computers	Oct. 13
Scottish Met. Property	Oct. 24

Acquisitions and organic growth lifts CI to £2.5m

By Richard Tomkins, Midlands Correspondent

A COMBINATION of acquisitions and organic growth took profits at CI Group, Wolverhampton-based steel and engineering company, up from £1.09m to £2.51m in the six months to July 31.

Mr Cedric Grew, formerly managing director and now chief executive, did not break down the profit contribution but said existing businesses had made a large contribution.

"Everyone in the Midlands is busy," he remarked. "We had tremendous organic growth, far above the 20 to 25 per cent target we normally set."

Turnover was up from £17.68m to £25.87m. Shares issued for acquisitions checked earnings growth at 48 per cent, from 1.59p to 2.35p. The interim dividend is 0.7p (0.525p).

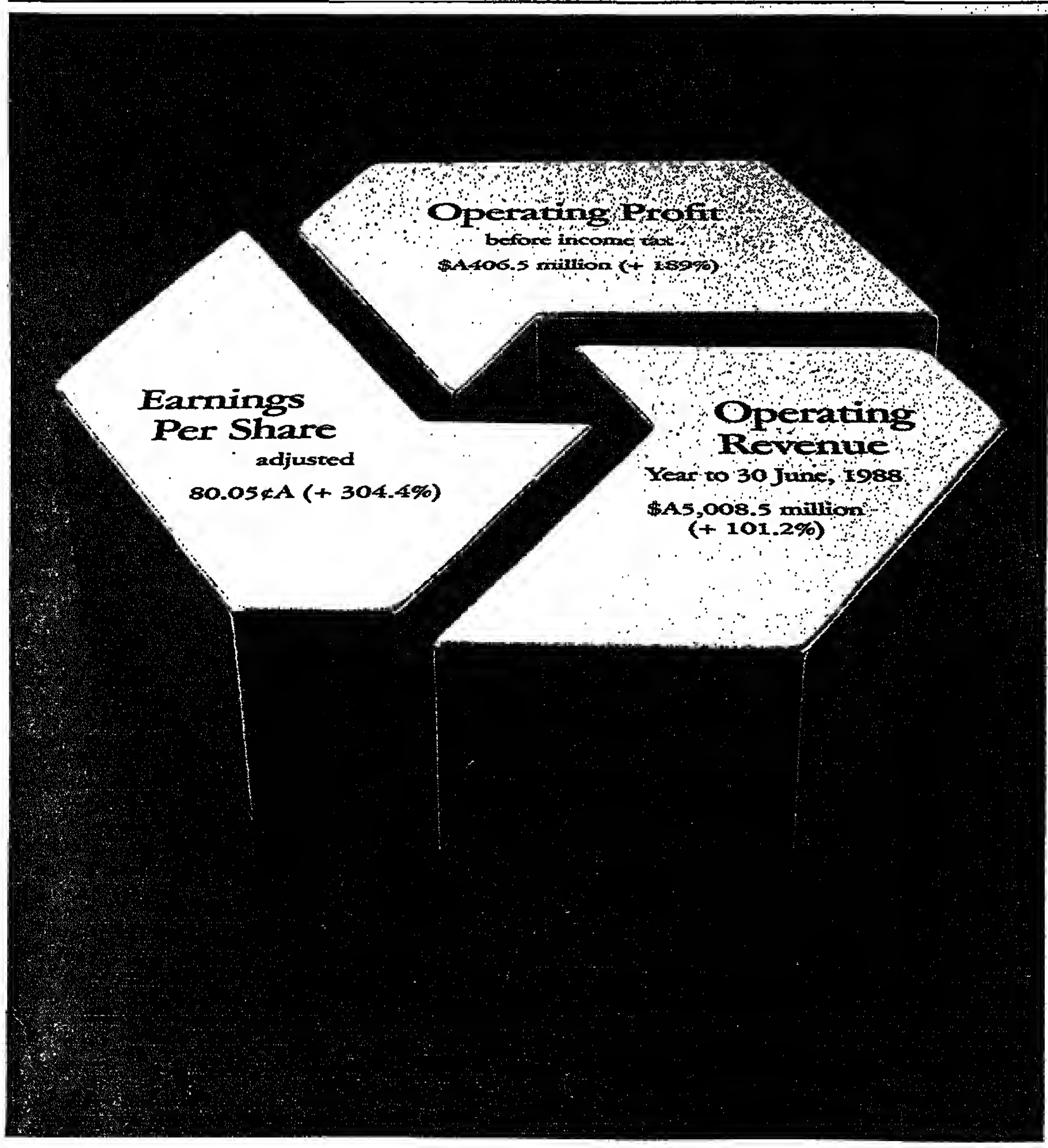
CI has regrouped its 18 subsidiaries into two divisions – steel and engineering. Mr Grew will now spend more time on corporate strategy and a finance director will soon be appointed.

Mr Grew said the steel division saw strong demand from the construction industry, its most important market, because of the buoyancy of the commercial and industrial sectors.

Bipel, the largest acquisition to date, made a limited contribution to the engineering division's first half because of a lumpy flow of business. A bigger contributor to the increase had been Redman Fisher, which saw a lift-off in demand for industrial gratings.

Mr Grew said he expected present levels of activity to continue through the second half. CI would also be spending £1m on developing J & F Poole's presence in the market for perforated metal and expanding Redman Module System's output of raised access flooring.

A consortium led by Mr Ahmed Abdullah now holds 18 per cent of CI's shares, but Mr Grew believes its presence is benign. Mr Roy Kettle, CI chairman, is on the board of Evered, the conglomerate headed by Mr Abdullah's brothers, Raschid and Osman.



Bond
Builder of businesses

A record year

Substantial earnings growth by all divisions was the outstanding feature of the results of the Bond Corporation Holdings Limited Group of Companies for the financial year to 30 June, 1988.

Record results were achieved in all key areas, including operating revenue, after-tax profit and earnings per share.

Highlights of the year included:

- Substantial further growth in the contribution to profit by the Australian brewing division.
- Strong performance by core brands following implementation of new operational and marketing programs in the United States brewing division consequent upon the acquisition during the year of G. Heileman Brewing Company, Inc. The strategic development plan for Heileman US assigns priority to profitability through quality, efficiency and increased sales in core markets.
- Exceptional returns from continued trading in prime commercial and residential property in Australia and internationally.
- A continuing high level of growth in contribution from the Corporate division.
- Rapid growth in contribution from international activities, including Media and Communications, and Property. The outcome incorporates the first contribution resulting from the acquisition of a major interest in Chile Telephone Company (CTC). Capacity for profitable growth has been identified in CTC's operations and expansion programs have commenced.

Subsequent Developments

Since balance date Bond has acquired majority interests in The Bell Group Ltd, and Bell Resources Ltd, two of Australia's top 100 companies.

Bond intends to accelerate the existing Bell divestiture program with orderly disposal of assets which do not fit with Bond's core businesses or do not meet Bond's other investment criteria. Consequently, Bond debt level increases incurred through the acquisition of the Bell companies will be reversed.

Bond has also reached agreement in principle to participate with the Government of Western Australia in development of a major petrochemical plant.

PERFORMANCE DETAILS

Division	Operating Revenue $A million	Contribution* $A million
Brewing/hotels/liquor	3,207.852 (+ 90.4%)	287.222 (+ 42.2%)
Media	122.331 (+ 67.3%)	30.254 (+316.3%)
Property	291.058 (+567.4%)	141.710 (+568.2%)
Petroleum	67.705 (+ 21.7%)	19.109 (+ 56.4%)
Coal	46.847 (+ 14.4%)	7.717 (− 27.3%)**
International	387.486 (+458.7%)	116.348 (+196.6%)
Corporate	885.181 (+ 69.7%)	175.253 (+250.4%)

* *Before net interest and income tax.*
** *Contribution reduced by conditions affecting the Australian coal industry generally.*

BOND
BUILDER OF BUSINESSES

For further information, please contact Bond Corporation Holdings Limited:
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DMB&B 0047

Strong demand lifts Time Products 54% to £7.6m midway

By Vanessa Houlder

TIME PRODUCTS, watch manufacturer and distributor, raised interim pre-tax profits by 54 per cent from £4.98m to £7.66m, reflecting strong demand across the range of brands. Turnover in the six months to July 31 rose by 23 per cent from £24.2m to £29.7m.

UK profits jumped by 88 per cent to £3.99m (£2.12m), with Sekonda, the volume watch brand, increasing its market share to about 15 per cent. The luxury watch division also produced strong growth, with particularly successful performances from the recently acquired Piaget and Baumé & Mercier brands.

The Hong Kong operation increased profits to £2.8m (£2m), following strong demand and an emphasis on higher margin products.

There was an extraordinary profit of £1.04m after tax, as a result of selling shares in a trade investment. Finance income increased from £854,000 to £870,000. Net liquid assets stand at £22.7m (£16.6m).

The group has moved its head office and the headquarters of its luxury watch division to London's West End, close to its customer base. A full revaluation of its properties, now valued at £5m, will be incorporated in the year-end accounts.

Earnings per share increased by 36 per cent to 10.72p. The interim dividend was increased from 1.75p to 2.5p in an effort to reflect a more even trading performance between the two halves of the year.

● COMMENT

This set of sparkling results provided analysts of consumer stocks with a welcome cause for enthusiasm and the share price rose by 3p to 223p. Behind the surge in UK sales is Time's marketing flair and clout, which has enabled it to benefit from the rationalisation of the jewellery shop sector. This increase in its market share should continue, helped by some slick television advertisements for Sekonda by comedian Harry "Loads of Money" Enfield this Christmas. Meanwhile, Time is hoping to acquire distributorships in Europe and is dipping its toe into the US market. It may also set about launching a low-priced fashion brand to exploit the Sekonda label and – backed by its sizable cash reserves – it is looking for bid targets with undervalued brand names. Time would clearly be vulnerable to a downturn in consumer spending, yet this would be minimised by its relative lack of exposure to the middle market. All this – plus the outside chance of a takeover bid – make the shares look attractive on a p/e ratio of 10, a figure that assumes it makes a total of £16.5m this year.

Caird to raise £12.5m via one-for-two rights issue

By Clay Harris

CAIRD GROUP, the fast-growing waste treatment and disposal company, yesterday launched a one-for-two rights issue to raise £12.5m and reported sharply higher pre-tax profits of £1.46m for the year to June 30.

The rights issue, as well as the £9.65m proceeds from the recent disposal of most of a property portfolio bought during the year, will eliminate group borrowings.

A final dividend of 3p raises the total to 4p, eight times the pay-out in 1986-87. Since then, new management led by Mr Peter Linacre, former stockbroker and now chairman, has transformed Caird from a Scottish-based property investment company into an environmental services group.

Caird shares fell 15p to 298p, compared with the 240p rights issue price.

During the financial year, Caird spent £6.5m on environmental services acquisitions. Although none of the companies made a full-year contribution, together they accounted for profits of £685,000 on turnover of £2.6m.

The pre-tax advance from £49,000 was achieved on group turnover more than five times higher at £5.9m (£1.1m). Earnings per share rose to 14.27p (0.65p). Property disposals in Scotland produced an extraordinary credit of £184,000 (£386,000).

Boustead at £1m midway

BOUSTEAD, international trading group, yesterday revealed pre-tax profits sharply higher at £1.01m in the half year to end-June.

The advance from £368,000 was scored on turnover 46 per cent ahead at £20.79m after consolidation of Metal Supplies' results as a group subsidiary. Earnings per 10p share improved to 1.16p (0.55p) and the interim dividend is lifted to 0.3p (0.1p).

Mr Tommy Macpherson, chairman, said the three companies had transformed the group's profile. "The period of intensive care and convalescence is now behind us."

A net profit of £1.62m relating to the sale of a freehold property in the City of London was taken below the line.

Whatman Reeve at £4m

PROFITS ROSE 13 per cent at Whatman Reeve Angel, manufacturer of products for separation and purification, in the six months to June 30. The taxable result of £4.08m compared with £3.61m previously and was scored on turnover up from £18.15m to £21.99m.

The directors said that of the 21 per cent rise in sales, some 14 per cent was from the recently acquired Tri-Dim Filter Corp of the US. The real growth in sales was again masked by adverse exchange rates, they said.

After total tax of £1.54m (£1.41m) earnings per 5p share were 11.73p (10.17p). The interim dividend is raised 0.3p to 1.5p.

Europe Growth Fund

The Quarterly Report as of 30th June 1988 has been published and may be obtained from:

Pierson, Heldring & Pierson N.V.
Herengracht 214, 1016 BS Amsterdam.
Tel. + 31 - 20 - 211188

GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
235	185	Ass. Brit. Ind. Ordinary	235	0	8.7	3.7	8.8
235	186	Ass. Brit. Ind. CULS	235	0	10.0	4.3	-
40	25	Armitage and Rhodes	35	-1	-	-	-
57	37	BBB Design group (USM)	37	0	2.1	5.5	5.9
171	155	Bardon Group	171	0	3.3	1.9	24.1
115	100	Bardon Group Conv. Pref.	115	0	6.7	5.8	-
148	130	Bray Technologies	130	0	5.2	4.0	9.4
114	100	Breakhill Conv. Pref	111	0	11.0	9.9	-
287	246	CCL Group Ordinary	286	0	12.3	4.3	4.3
164	124	CCL Group 11% Conv.Pref	164	0	14.7	9.0	
151	129	Carbo Plc (SE)	150	0	6.1	4.1	13.0
113	100	Carbo 7.5% Pref (SE)	112	0	10.3	9.2	
317	147	George Blair	317	+1	12.0	3.8	7.0
108	60	Isis Group	108	+2			14.2
118	87	Jackson Group (SE)	110	0	3.4	3.1	12.2
350	245	Multihouse NV (AmstSE)	265	-5	-	-	-
125	40	Robert Jenkins	114xd	0	7.5	6.6	4.3
430	124	Scruttons	415	0	8.0	1.9	37.7
279	194	Torday & Carlisle	279	+2	7.7	2.8	13.5
96	56	Trevian Holdings (USM)	80	0	2.7	3.4	8.6
113	100	Unistrut Europe Conv Pref	100	0	8.0	7.4	
301	203	W.S Yeates	301	0	16.2	5.4	57.9

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A likely white knight prospecting for gold

Kenneth Gooding looks at the possibility of Newmont Gold launching a rescue for Gold Fields

IS THERE any "white knight" willing and able to rescue Consolidated Gold Fields, the UK-based mining finance house, from the unwelcome attentions of Minorco? The question has been puzzling many analysts since the South African-controlled investment vehicle launched its £2.9bn bid last week.

Various names have been mentioned in this connection, including RTZ Corporation and, almost inevitably, the ever-acquisitive Hanson group.

Unexpectedly, many London analysts are instead looking across the Atlantic for the most likely source of a rescue and towards Newmont Mining and Newmont Gold. At present, Gold Fields owns 49 per cent of Newmont Mining, which in turn controls 90 per cent of Newmont Gold.

"About the only way I can see for Gold Fields to stay more or less intact is for Newmont Gold to bid for both its parent group and Gold Fields," says Mr Christopher Spreckley of CL-Alexanders Laing & Cruickshank.

Mr Jeff Ware of County NatWest suggests: "Gold Fields could dump its remaining South African interests and merge with the Newmont companies into an Anglo-American group which would probably include in its articles a prohibition on South African nationals holding its shares."

The analysts point out that the three companies, and their senior managements know one another well. Gold Fields took its first stake in Newmont nearly 10 years ago after Minorco's South African parents made their first dawn raid on the UK mining and industrial group.

The move was partly defensive but Gold Fields was also interested in moving deeper into the copper business to which Newmont was heavily committed at that time. (Ironically, Newmont subsequently sold off its copper operation).

Last year, tempted by the exceptionally high prices being offered for gold stocks, Newmont Mining floated 10 per cent of Newmont Gold and intended to turn itself into a major mining finance house with a diversity of interests.

However, this grand scheme abruptly fell apart last autumn when Newmont Mining received a hotly-contested bid from a group led by Mr T Boone Pickens, the well-known Texas corporate raider.

On that occasion, it was Gold Fields' turn to play the "white knight" and the bid was warded off after the UK company increased its shareholding in Newmont Mining from 26.3 per cent to 49 per cent.

In order to achieve this manoeuvre, Newmont Mining paid a special divided of $33 a share. However, while this gave Gold Fields the cash to boost its shareholding, the pay-out cost Newmont Mining $2.2bn of which $1.75bn was borrowed.

Newmont Mining immediately put everything it considered non-essential up for sale to reduce the debt which also bore down on its share price. For most of this year the parent has been trading at an effective 25 per cent discount to the Newmont Gold share price.

So analysts would expect any bid for Gold Fields to be made with the more highly rated Newmont Gold shares.

The Newmont companies have already dropped broad hints that they eventually will merge.

Is there more than just pure speculation to these suggestions about a Newmont/Gold Fields merger? Some analysts feel that there is some evidence that Gold Fields might be working on such a scheme. They believe it is significant that Gold Fields immediately after the Minorco approach appointed a high-powered American team as part of its defence corps.

Wasserstein Perella, the small but glamorous Wall Street corporate finance company in which the Japanese securities house Normura has a 20 per cent stake, is among several US advisers called upon by the UK group. Wasserstein helped Gold Fields during the Pickens' bid for Newmont.

But, in spite of all the firepower these organisations could bring to bear, would not Newmont Mining's huge debt load make a three-way merger unpalatable?

Not necessarily, says Mr Ware. He says the major programme of asset sales by Newmont Mining, including $353.2m raised by the disposal of its shares in Du Pont and more than $200m from last week's sale of its Netherlands oil and gas interests to Clyde Petroleum, will have reduced its debt by the end of this year to a manageable $950m. And $448m is in the form of a gold loan, bearing interest of only 1% per cent.

The attraction of the Newmont companies to Mr Pickens, and to Gold Fields, was not particularly apparent at the time of the bid last year. Subsequently, however, Newmont Gold has been much more forthcoming about its prospects.

Newmont Gold has nearly 15m troy ounces of mineable gold reserves and rapidly rising gold production from the Carlin Trend in Nevada. It holds a dominant position of more than 2,300 square miles encompassing the 50 mile-long Trend, probably the most important gold field discovered outside South Africa.

An ambitious expansion programme should make Newmont Gold the largest non-South African gold producer in the world this year with a predicted output of 830,000 ounces.

There are already indications that the US authorities are taking a very keen interest in Newmont Gold's future. For example, when Gold Fields wanted to increase its shareholding in Newmont, the UK company was asked to provide the US authorities with substantial documentation to show it was not controlled by South African interests.

"The US would be happier to see Newmont Gold's parent company based in the States," says Mr Spreckley.

In any event, the analysts predict that Minorco, because of the preponderance of South African interests among its shareholders, might well face considerable official US opposition to its bid for Gold Fields.

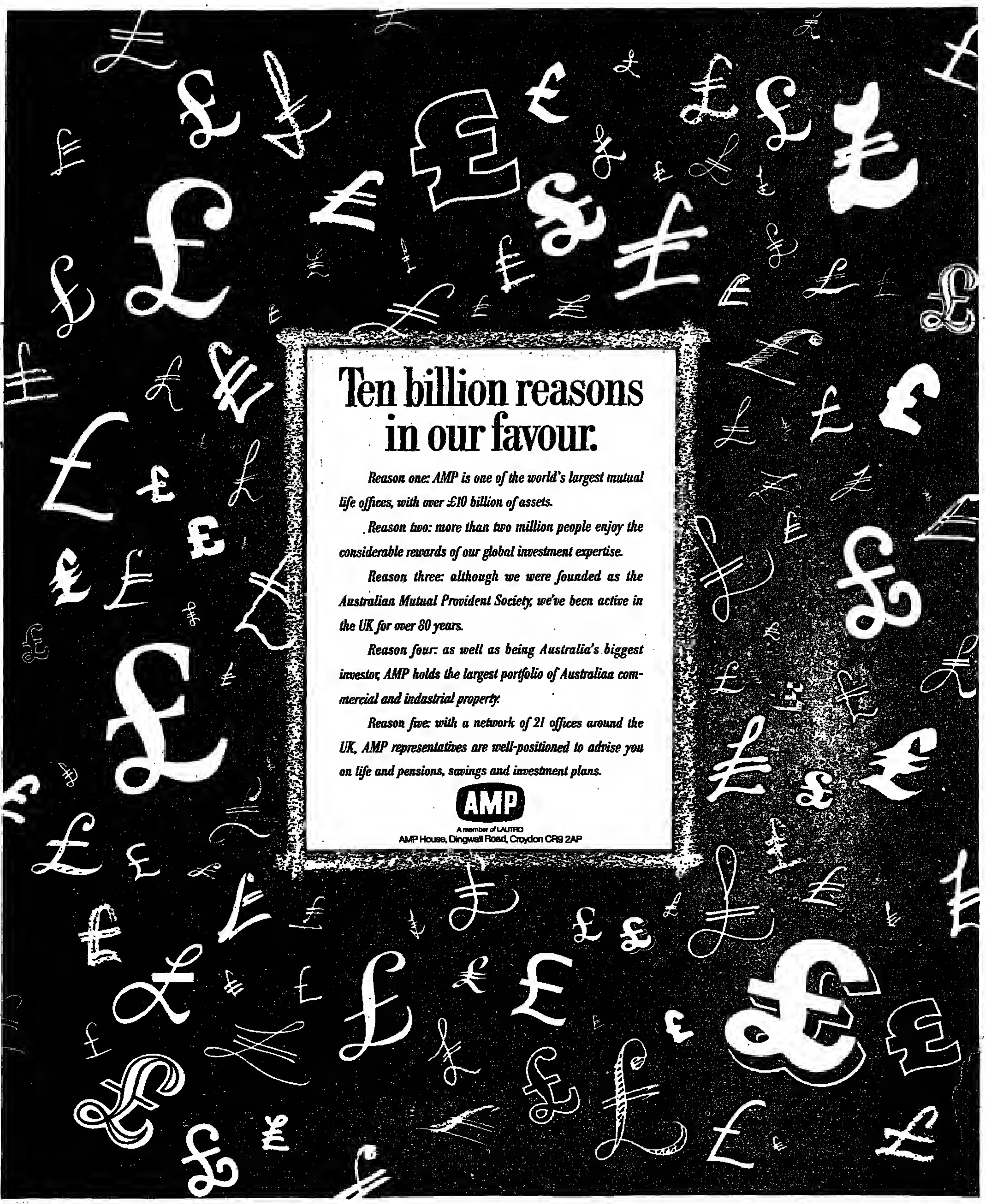
Analysts can see no other obvious "white knight" for Gold Fields, not even the widely-tipped RTZ. "I've racked my brains but I really can't see anyone", complains Mr David Ridley of Williams de Broe.

He rules out RTZ because "the philosophy of the two groups is so different and there is considerable rivalry, even antagonism, between them."

Other analysts point out that, although RTZ has a growing cash hoard of more than £650m after disposals, it has insisted on several occasions recently that it would not be rushed into buying assets at high prices. It was interested only in situations where it could add value and justify the purchase in terms of improved earnings per share.

Like RTZ, Hanson would also be perceived by Gold Fields more as another opportunistic raider than a white knight. Mr Were suggests that, in any case, Hanson would be deterred by the fact that Gold Fields' South African assets would be difficult to sell at a good price, given that they would almost certainly attract only South African buyers.

That leaves only rank outsiders. Mr Ware and Mr Ridley suggest that in this category come British Petroleum and Shell, both of which have substantial mining and metals interests and would fit in with Gold Fields' concept of itself as a major natural resources group.



Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Registration No. 57/01979/06

CHAIRMAN'S STATEMENT

During the financial year to 30 June 1988, demand and price for the company's major precious and base metal products remained strong, in line with published reports of demand exceeding supply for most of these commodities during the period. The result has been that in 1988, as the company celebrates its twentieth anniversary, I have the pleasure of reporting record turnover and profits.

The year has also been significant in that the group has made *considerable progress with expanding its operations; through* the decision to proceed with the development of a new platinum mine, Karee; the offer to acquire a controlling interest in Messina which has considerable reserves of platinum; and several other new prospects which have the potential to add to our reserve base. These activities will ensure that the group is well placed to meet its future supply commitments in the platinum market, and also that the company is able to take advantage of any future expansion in market demand.

FINANCIAL RESULTS

During the 1988 financial year, distributable profit increased by 93.3% from R95,254,000 to a record R184,106,000.

The substantial improvement in profitability resulted from a 24.9% increase in turnover from R1,272,395,000 to R1,588,766,000. In spite of higher operating costs as a result of substantially increased underground development and improved employee benefits, before tax profit increased by 17.7% from R519,538,000 to R611,500,000.

The appropriation for capital expenditure for the year at R115,700,000 was considerably lower than the 1987 figure of R180,000,000. As a result of the higher before tax profits and the decline in capital expenditure, provisions for royalties, lease consideration and taxation rose considerably to R52.9 million (1987: R41.1 million); R80.3 million (1987: R61.7 million); and R231.4 million (1987: R182.8 million) respectively.

Earnings per share after tax and lease consideration increased from 477 cents to 520 cents and earnings per share after tax, lease consideration and appropriation for capital expenditure from 165 cents to 319 cents.

Dividends declared totalled 180 cents per share or R103,770,000 (1987: 160 cents or R92,240,000).

Total group borrowings at 30 June 1988 amounted to R181,193,000 compared with R178,112,000 at the previous year end.

MARKET

The 1987 calendar year was the first in which worldwide demand and supply for platinum both exceeded 3 million ounces. Continued growth in the use of automobile emission control catalysts, coupled with a considerable increase in demand from jewellery manufacturers, resulted in fabrication demand increasing by about 10% over 1986. Other areas of industrial consumption remained firm but fairly static. As in the previous financial year, it was the investment and speculative interest in physical platinum which resulted in overall demand exceeding primary supplies. The expected fall-off in industrial consumption after the October 1987 stock market crash has not taken place, and the platinum consumption trends established in 1987 have continued in the first six months of 1988, particularly with respect to investment and speculative demand, and jewellery fabrication.

The free market price of platinum fluctuated widely during the financial year under review, with the lowest daily settlement price on the New York Mercantile Exchange of US$442.80 in February 1988 and the highest of US$644.70 in August 1987. The lower prices reflected market perceptions of depressed industrial activity signalled by the stock market prices around the world in October 1987, whilst the higher prices, which have since been re-established in the first half of 1988, indicate the extent of the supply deficit in the face of the unprecedented demand levels. The recent strength of the United States dollar, and the continued weak oil prices, have prevented the market price of platinum from reaching even greater heights.

The average annual New York Mercantile Exchange settlement prices of platinum for the calendar years 1985, 1986 and 1987 were US$291.80, US$464.53 and US$557.12 respectively, illustrating both the strengthening of industrial demand during this period and the mounting recognition of platinum as an important investment medium, increasingly becoming an integral part of the portfolios of major investors.

In the United States, automobile production declined sharply in comparison with the previous year as weaker sales were exacerbated by excessive stocks. The resultant decrease in demand for platinum from this sector, combined with a significant decline in investment interest, was not offset by increased consumption in other areas such as the electronics, petroleum and glass industries, which have shown some renewed strength, particularly in the first half of 1988.

Demand for platinum in Japan was at all-time record levels. The trend to larger cars and more cars per family unit in the domestic market led to higher levels of demand than previously seen from the automobile sector, whilst other industrial consumption areas remained firm. Continued growth in personal disposable income, combined with the lowest platinum price in Yen terms for 10 years and the continued development of Japan as a major investment market for platinum, also resulted in record levels of demand from the jewellery and physical investment sectors. New tax regulations resulting in the imposition of taxes, on interest from savings accounts has also fuelled the flow of funds into platinum investments in recent months. The Tokyo Commodity Exchange traded record levels of future contracts in the latter part of the financial year, approaching quantities in terms of ounces of platinum closer to those traded on the New York Mercantile Exchange, further illustrating the strength of investment demand in Japan.

European industrial consumption for platinum increased in a number of sectors, indicating the continued strength of the major industrial economies in Europe. The major contributor to this strong industrial demand was the automobile industry where record sales and production levels were combined with increased introduction of emission control catalysts in many European countries. This resulted in demand levels from this sector contributing to record consumption by the automobile industry worldwide. Demand from the jewellery and investment sectors in Europe was, however, disappointing, with platinum offtake in both areas the lowest for some years.

The other platinum group metals enjoyed firm demand from their traditional consumption areas, with demand for palladium balanced by adequate supplies and stocks. Excess ruthenium stocks maintained prices at low levels, whilst speculative holdings of rhodium stocks were liquidated, resulting in weaker prices towards the end of the year, as the expected supply deficit in the face of consumption by the automobile industry did not materialise.

With demand for stainless steel having strengthened considerably in the second half of the year, the demand for nickel outstripped supplies, particularly as there were supply disruptions from major producers at the same time. This resulted in a three-fold increase in the price of nickel compared with the same period in the previous year.

OPERATIONS AT MINES, MINERAL PROCESSES AND REFINERIES

The considerably higher expenditure on underground development during the past year will make more Merensky face available for mining and will strengthen the company's position for the future.

Sinking and equipping of No. 12 shaft, and the hoist room and headgear excavations for No. 1 sub-vertical shaft, have been completed. These shafts are on schedule and will start producing in 1989 and 1991 respectively.

Refrigeration plants to maintain acceptable environmental conditions are being installed at all shafts with working depths of approximately 1,000 metres. Those third generation shafts are Nos. 9, 10, 11, 12 and No. 1 sub-vertical shaft. Capital expenditure on shaft sinking and associated development at Impala absorbed approximately R74 million out of the total capital expenditure of R114.7 million on mining fixed assets. Capital funds were also utilised on upgrading and improving the living conditions at the mine hostels and on mechanisation for further improvements in productivity.

Operations at Mineral Processes and the Refineries were satisfactory. Capital expenditure was directed at improving process efficiencies. For the current year capital expenditure excluding Karee is expected to be of the order of some R150 million of which about R65 million is on replacement shaft systems and the balance on mechanisation, housing and process improvements.

NEW PROJECTS

In October 1987, we announced the establishment of a new 300,000 annual ounce platinum mine, Karee, with an initial capacity of 100,000 ounces of platinum, increasing, in line with market demand, to 300,000 ounces of platinum annually. Karee will be developed by Implats' wholly owned subsidiary, Gazelle Platinum Limited. At the time of the announcement, it was planned to raise approximately R300 million for initial development by way of a rights issue in Implats. The rights offer was, however, not pursued in view of the general downturn on the stock market and in the platinum sector in particular.

The development of Karee, which commenced early in 1988, has continued as planned and internal funding arrangements have been made. The funding of housing in Rustenburg is being negotiated with financial institutions.

Capital expenditure on Karee's mining fixed assets for the 1987/1988 financial year amounted to R29.7 million. Capital expenditure during the current financial year is anticipated to be of the order of R260 million. Various options to finance Karee are currently under review.

MESSINA

In April 1988, Implats' shareholders were advised that the company had, subject to certain conditions precedent, made an offer to acquire a 55 percent shareholding in Messina Limited. Considerable progress has been made towards the fulfilment of these conditions. It is Implats' intention that the development of Messina's platinum interests in Lebowa proceeds as planned by that company. At the platinum mine site, the sinking of two second outlet shafts is continuing and it is proposed to extract 200 tons of ore from both the Merensky and the UG2 reefs. This will enable final test work on the concentrator and smelting processes to be completed without any delay. The major benefits of the acquisition will be the enhancement of Implats' platinum reserves, greater flexibility of operations and the opportunity to develop a relatively low cost mining venture.

EXPLORATION

In addition to the development of Karee and the acquisition of a controlling interest in Messina, the company is investigating other platinum opportunities in order to broaden its production base and enchance its competitive position. In particular, geological work undertaken on the farms Middelkraal, located near Karee, and Modderglat, further to the north, over which the company owns mineral rights, is proving encouraging. Both of these prospects could support operations of moderate production capacity.

HUMAN RESOURCES

During the 1987/88 financial year, Impala continued its concerted efforts to raise productivity and safety standards. The company introduced new safety awareness programmes and continued to develop leadership and managerial skills. Programmes were developed to include all levels of the workforce, giving employees the opportunity to participate in matters that affect them directly, that is, in such areas as safety, cost effective work and performance. These programmes will be extended further in the next year.

The company experienced a relatively good year in the field of labour relations. Agreements on improved wages and conditions of employment were successfully negotiated between the Springs refineries and the National Union of Mineworkers (NUM) and the Federation of Mining Unions (FMU). A recognition agreement, covering certain categories of employees, was entered into between Metallurgical Processes and the Metal, Iron and Steel Workers Union (MISWU).

RELATIONS WITH THE BAFOKENG TRIBE

Impala's mining operations are conducted on land situated in the Bafokeng district of the Republic of Bophuthatswana in terms of a number of mining leases granted both before and after the independence of Bophuthatswana on 6 December 1977, under the provisions of the applicable mining legislation.

The land to which I have referred comprises a number of properties respectively owned by private individuals or organisations, by the Government of Bophuthatswana, and by the President of Bophuthatswana in trust for the Bafokeng Tribe. The last-mentioned properties which were transferred by the State President of South Africa to the President of Bophuthatswana in December 1977 *comprise the major part of the area over which the company* exercises its rights to mine. The several mining leases to which I have already referred and which are the basis of the company's mining rights require that all of the properties including the properties registered in the name of the President are to be mined in conjunction with each other as a single mining proposition.

In March of this year I announced to shareholders that legal proceedings had been instituted by the Bafokeng Tribe in the Supreme Court of Bophuthatswana against Impala, the President and Government of Bophuthatswana. As I then stated, the action is based upon the company's refusal in 1987 to accede to a demand made by representatives of the Bafokeng Tribe for disclosure of certain information relating to the company's mining operations which is considered by the company to be of a confidential nature. According to the company's legal advisers the only person entitled to demand any such information from the company is the President, as cedent of the relevant mining lease, who himself had not sought any such information nor had he given approval to the company to accede to the demands made by the Tribe.

Dissatisfaction on the part of the Bafokeng Tribe emerged in the course of discussions for the acquisition of prospecting rights over further properties in Bophuthatswana adjacent to the existing lease area, commonly referred to as "the Deeps". These further properties were seen as a logical extension to the existing mining lease area, and the possibility of their being added to the lease area at some stage was contemplated by the company from the time when mining activities first commenced in 1968. In 1980 discussions to that end were initiated by the company first with the Government authorities in Bophuthatswana and later, because of its manifest interest, with representatives of the Bafokeng Tribe. These discussions continued for several years until late 1985, when they were interrupted by dissatisfaction expressed by the Chief of the Bafokeng Tribe over the necessity for a proposed prospecting and mining agreement in regard to the Deeps having to be executed by the President of Bophuthatswana, the registered owner of the properties in question, and over the method of calculation of royalties accruing to the Tribe in respect of mining operations. The royalty issue was settled. Thereafter attempts to revive discussions in respect of the Deeps were thwarted by demands from the Tribe for the disclosure of the confidential information to which I have already referred which the company found itself unable to meet. This led to the current litigation.

The Bafokeng Tribe's action against the company and the President of Bophuthatswana seeks to deny the company the right to continue mining operations over the properties registered in the name of the President and to terminate such control over these properties as the President, as the registered owner, may be entitled to exercise, leaving the Tribe free in future to administer and exploit the properties as it may choose. It is a matter of regret that the Bafokeng Tribe should have chosen to pursue a course of confrontation rather than to attempt to resolve matters by negotiation amongst the parties concerned which the company has at all times been willing to do.

Our legal advisers remain confident that the proceedings can be successfully opposed. Moreover, I believe that the Tribe's court application may yet provide a path for the resolution of the issues which have adversely affected our relations with the Tribe. With these issues out of the way our operations could proceed on a more satisfactory businesslike basis to the advantage of all parties.

As the litigation is proceeding, further detailed comment is inappropriate at this stage.

OUTLOOK

The firmer market price levels for the major products which have been evident in the financial year under review could prevail for some time, as supply and demand predictions appear to point to the likelihood of supply deficits for these commodities in the coming year.

Supplies of platinum from primary sources in the Western world are likely to remain at current levels during the next financial year, with little or no contribution likely from the various new platinum mining developments announced in the past year or so. Secondary supplies and Russian sales to the West will probably also make a similar contribution to total supplies as last year, but only if prices hold up at present levels.

Fabrication demand for platinum is expected to remain at a similar level to that attained in the last financial year. The factor which is likely to influence the supply/demand balance the most in the twelve months to June 30, 1989, is investment and speculative demand for physical metal. Currency relationships and other key economic factors are expected to continue to favour investor buying, although perhaps at a lower rate than the dramatic levels experienced in Japan in the first half of 1988. The outcome will be a supply deficit in the coming year, with resultant support for the price at present levels.

The investments we have made in opening up new reef face at Impala's mining operations and in the development of the Karee Mine have strengthened the long term future of Implats. In addition, the offer to acquire a controlling interest in Messina, which we anticipate will be finalised shortly, and our exploration of new platinum areas, should add further to the reserve potential of the group.

In the coming year we will continue to investigate opportunities for extending our operations in order to increase our flexibility still further.

DIRECTORATE

Mr. Arthur Joynt resigned from the board in May this year after *serving nine years as a director. I would like to take this opportunity* of thanking him for the significant contribution he has made to the company's marketing efforts over a period of nearly 20 years.

I welcome the appointment of Mr. Colin Officer as deputy chairman of the company.

ACKNOWLEDGEMENTS

On behalf of the board, I would like to thank the management and staff at all the operating units and at head office and in our subsidiary and associated companies, together with our consulting engineers, for their loyal and efficient service during a successful year.

We also thank our customers for their continued support.

S P ELLIS
Johannesburg
14 September 1988.

Copies of the Annual Report may be obtained from the London Transfer Secretaries, 6 Greencoat Place, London SW1P 1PL.

UK COMPANY NEWS

Anglia Secure rights for £4.3m acquisition

By Andrew Hill

ANGLIA SECURE HOMES, specialist developer of private retirement housing, is expanding into south-east England with the £4.3m acquisition of Alfred McAlpine Retirement Homes from the quarrying, construction and housebuilding group. The acquisition is to be funded by a two-for-five rights issue, raising about £21.6m before expenses.

Anglia also forecast pre-tax profits of £7.5m for the year ending today, 92 per cent up on the previous year's £3.9m.

Of the 6m new ordinary shares to be issued, some 1.19m will be placed with Alfred McAlpine and then offered to shareholders on the vendor's behalf. The fully underwritten issue price is 360p a share against yesterday's closing price of 398p, up 12p. British & Commonwealth Holdings, financial services group which has 23.7 per cent of Anglia, is to take up its full entitlement.

Mr Peter Edmondson, Anglia's chairman, said yesterday: "We have bought it at a dream price. The product is very high-quality – it matches ours. But the management team has been totally frustrated with the lack of resources and lack of commitment to the division."

Anglia, which claims to be the UK's second largest developer and manager of retirement homes after McCarthy & Stone, intends to retain McAlpine's management in Sevenoaks as part of a new south-eastern division.

The cash raised by the rights issue will also be used to repay McAlpine Retirement's intra-group debt of about £5.4m and the balance will help reduce Anglia's gearing from 124 per cent to about 26 per cent.

McAlpine Retirement is currently developing and selling 131 units, against Anglian's 400, and a further 201 are planned for the next two years, compared with 1,600 from Anglian. In the year to October 31 1987, McAlpine Retirement built 119 units and made pre-tax profits of £895,000.

Mr Edmondson said he thought McAlpine Retirement, which makes gross margins of 20 per cent, should be able to match Anglia's 30 per cent.

Alfred McAlpine said the retirement homes sale would allow the group to expand its regional housebuilding and development activities.

● Alfred McAlpine is also selling Samic Builders Merchants to RMC Group, construction materials company.

Dowding & Mills advances to £7.15m

DOWDING & MILLS, electrical and mechanical plant repairer, lifted taxable profits by 23 per cent from £5.58m to a record £7.15m in the year to June 30.

Turnover rose 15 per cent to £52.32m (£45.56m). After tax of £2.73, up from £2.12m in the previous year, and minorities of £29,000 (£25,000), earnings per 10p share worked through at 5.15p (4.1p).

The company said the electric rewind and service divisions again produced excellent results, as did Bootham Engineers, while Mannings Marine made a contribution to profits after losses last year. The overseas companies continued to improve.

The directors propose a final dividend of 1.29p making a total of 2p (1.76p) for the year.

Strong first half at Hay

ACQUISITIONS made a significant contribution to a strong first half at Norman Hay, and the company, which is involved in electro-plating and anodising, is on the look out for further purchases.

Taxable profits rose 48 per cent in the six months to June 30 from £614,000 to £906,000 on turnover up 37 per cent from £5.71m to £7.81m. Earnings advanced to 3.8p (2.6p) and the directors have raised the interim dividend to 0.66p (0.5667p adjusted).

North West Exploration rejects Oliver

By Philip Coggan

North West Exploration yesterday formally rejected the £8.4m offer from Oliver Resources, a fellow exploration company. Both groups are quoted under the Stock Exchange's Rule 535(3).

Oliver launched its seven-for-two share offer last week. On the basis of last night's closing Oliver share price of 17p, the bid values each North West share at 59.5p, compared with its close of 56p. The North West board said the bid "substantially undervalued" the company.

AGB Research in French buy

AGB Research, the market research group which has recommended a £134m takeover bid from Pergamon Professional and Financial Services, is to buy 50 per cent of a French-based software company for £2.6m in cash.

Novaction was described yesterday by AGB as a leader in systems for the evaluation of new products and test markets. It had a long-established and productive relationship with AGB companies in Japan and Australia.

Increased sales boost World of Leather

INCREASED sales, partly reflecting new store openings, enabled World of Leather, USM-quoted furniture retailer, to lift pre-tax profits from £175,000 to £821,000 in the six months to end-June.

The outcome – £71,000 more than the group managed in the whole of 1987 – was achieved on turnover 74 per cent ahead at £11.05m (£6.34m).

Mr Ramon Benardout, chairman, said consumer demand continued to shift towards leather upholstery away from traditional fabric coverings. A high level of sales had continued into the second half, he added.

Earnings per 10p share were sharply higher at 6.6p (1.4p), and a maiden interim dividend of 0.8p is declared.

Headlam up 23%

Headlam, Sims & Coggins, footwear manufacturer, reported pre-tax profits increased 23 per cent from £459,000 to £566,000 in the five months to end-June 1988.

Turnover was up at £10.76m (£10.18m). Earnings per 5p share worked through at 3.8p (3.1p) and directors are paying an interim dividend of 0.75p this time – the first such payment since 1985.

Dominion cuts stake

Dominion International has continued its move way from the oil industry into financial services with the sale of a further stake in Southwest Resources.

The company sold 6m shares through the market for about £1m, leaving it with 10.2m shares, representing 19.6 per cent of the capital.

Colroy doubled to £2.6m

COLROY has more than doubled profits and earnings in its first set of results since flotation in June.

Taxable profits of this regional housebuilder rose from £1.06m to £2.6m in the year to July 31 and earnings per 10p share from 10.04p to 25.02p.

Tax took £879,000 (£386,000).

A dividend of 0.85p has been recommended.

Mr Jonathan Jacobs, chairman, said the current year had started well, with financial completions ahead of budget.

Net assets had increased by about 70 per cent during the last year. The company would consider acquisitions in related fields.

Jantar losses increase

LOSSES increased at Jantar, mining, metals and minerals trading company, in the six months to June 30.

The pre-tax loss of £24,376 was up from a £1,000 loss at the year-end and compared with a profit of £1,366 in the first half of 1987.

Investment income and interest receivable fell to £16,200 (£57,394), but interest payable and similar charges were £72 (£13,825).

There was a £9,648 loss on the disposal of investments. The loss per share came out at 0.5p (earnings 0.55p) before extraordinary items, which were nil this time and £107,136 credit last time.

PUBLIC WORKS LOAN BOARD RATES

Effective September 28

Years	Quota loans repaid by EIP†	Quota loans repaid At††	Quota loans repaid at maturity§	Non-quota loans B* repaid by EIP†	Non-quota loans B* repaid At††	Non-quota loans B* repaid at maturity§
1			11¼			12
Over 1 up to 2	11	11	10⅝	12	12	11⅜
Over 2 up to 3	10¾	10¾	10½	11¾	11¾	11¼
Over 3 up to 4	10⅝	10⅝	10½	11⅝	11⅝	11¼
Over 4 up to 5	10⅝	10½	10½	11⅝	11½	11¼
Over 5 up to 6	10½	10½	10½	11	11	11
Over 6 up to 7	10½	10½	10½	11	11	11
Over 7 up to 8	10½	10½	10½	11	11	11
Over 8 up to 9	10½	10½	10⅜	11	11	10⅞
Over 9 up to 10	10½	10½	10¼	11	11	10¾
Over 10 up to 15	10½	10¼	9⅞	11	10¾	10⅜
Over 15 up to 25	10	9¾	9⅝	10½	10¼	10⅛
Over 25	9⅝	9½	9½	10⅛	10	10

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Trafford Park expands by 11%

Pre-tax profits rose 11 per cent at Trafford Park Estates in the year to June 30 from £2.88m to £3.21m. After tax of £1.02m (£946,000) earnings were 6.61p, against 5.8p previously.

Acquisitions boost British Fittings profit

First-time contributions from three acquisitions helped British Fittings Group to raise pre-tax profits by 80 per cent from £1.25m to £2.25m in the six months to June 30. Turnover of the group, which provides equipment for heating engineers and plumbers, rose 65 per cent from £17.3m to £28.47m.

Harben Systems, Neolith Chemicals and Gill and Russell contributed £6.33m to sales and £509,000 to pre-tax profits.

The group's directors said trading since June 30 continued to show a satisfactory increase.

They have declared an interim dividend of 1.135p (1.0325p adjusted) on earnings per 30p share of 7.49p (6.5p).

CCA ahead

CCA Publications has reported pre-tax profits of £280,000 for the six months to June 30, against £209,000. Turnover was £4.57m, against £2.41m previously.

The USM-quoted company sells prints and sculptures, greeting cards and related Tax paid in the latest period was £109,000 (£73,000), after which earnings per 10p share came out at 1.7p (3.3p). The dividend is unchanged at 0.9p.

Ben Bailey

Ben Bailey Construction boosted taxable profits from £395,000 to £1.03m in the year to June 30. Turnover expanded to £13.24m (£8.55m). Earnings per 10p share worked through at 12.86p (5.3p) and a recommended final dividend of 1.8p makes a total of 2.2p (1.2p) for the year.

This announcement appears as a matter of record only

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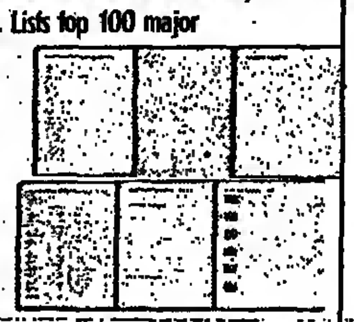

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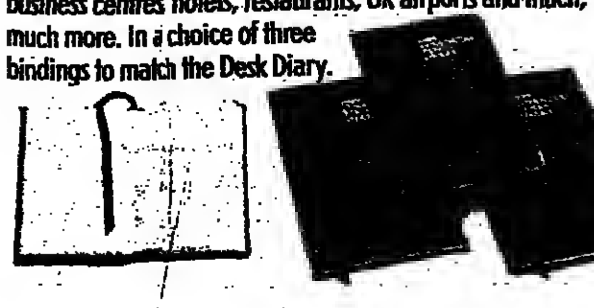

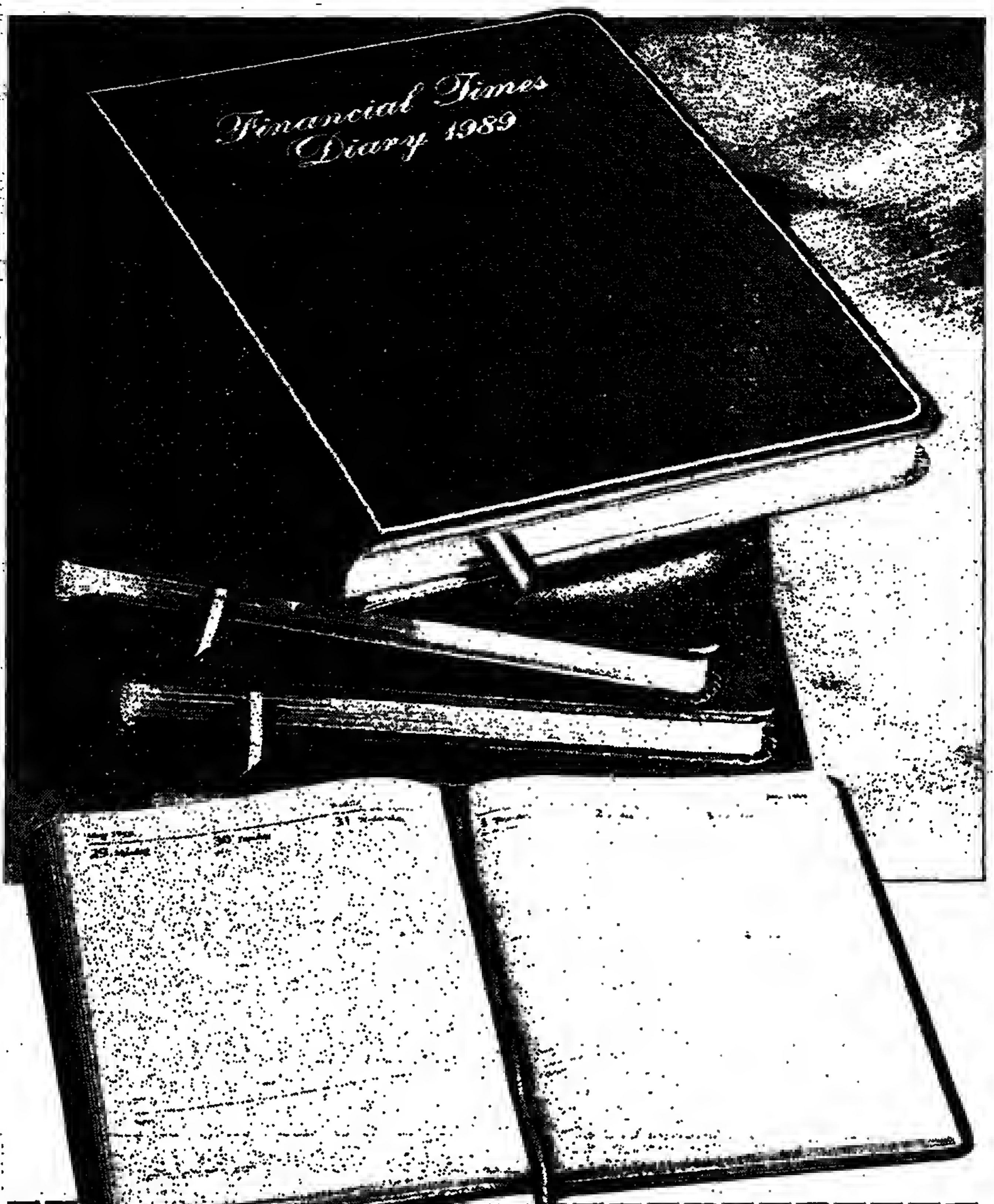

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DB	07018	0475	Desk Diary, burgundy bonded leather	£36.62	£39.95	£27.14	£26.55	£25.37	£24.48	£22.12	
DP	07286	2320	FT Pink Desk Diary, black bonded leather, pink pages, page-a-day	£25.07	£29.90	£18.22	£17.82	£17.03	£16.44	£14.85	
DC	07020	0499	Desk Diary, black leathercloth	£20.47	£25.85	£14.44	£14.13	£13.50	£13.03	£11.77	
PL	07031	0457	Pocket Diary, black leather	£11.44	£10.95	£8.74	£8.55	£8.17	£7.88	£7.12	
PP	07274	2141	FT Pink Pocket Diary, black cover, pink pages	£11.04	£10.60	£8.37	£8.19	£7.86	£7.55	£6.82	
PB	07043	0481	Pocket Diary, burgundy bonded leather	£10.86	£10.45	£8.23	£8.06	£7.70	£7.43	£6.71	
PC	07262	0561	Pocket Diary, black leathercloth	£10.17	£9.85	£7.68	£7.51	£7.18	£6.93	£6.26	
WP	07316	2335	Wallet, black leather, fits PP	£22.94	£20.95	£17.89	£17.50	£16.73	£16.14	£14.59	
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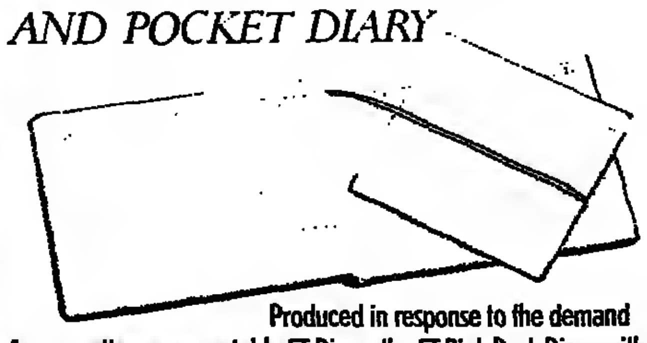

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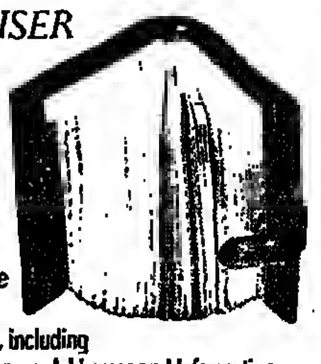

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A diversity of strengths

By Paul Cheeseright, Property Correspondent

The trouble with Rosehaugh is that it has a label but the label does not fit. First reaction to the name is that it is a company which carries out mega-developments in the City of London; second that it is run by a chap called Bradman who makes dizzy financial deals; and third to link his name with Lipton at Stanhope.

All that is true to a degree. Last year it aerved well enough, producing an image sharp enough to satisfy a market craving for favourites, for more and bigger deals. This year it has not served so well in a market looking for solidity, more impressed with assets than deals.

The high point of the market's fascination witb Rosehaugh last year was a share price of £11.75 and a low point after the October crash of 390p. This year the price bas seen a high of 793p and a low of 513p. Currently it is hovering around 630p with a capitalisation of around £430m. Given market sentiment and estimates of Rosebaugh's net asset value – 700p at Warhurg Securities, the company'a hroker, but rather less at some others like Morgan Grenfell Securities which puts it at 660p – then arguably the present market price is not unreasonable.

The shares remain some of the most expensive in the sector on a price-earnings basis. Tha company's dividend policy is restrained and the yields are low. The shares are bought on the basis that they will rise in tandem with the growth of the company's assets.

It is at this stage that the question of labelling comes in. Roseheugh is concerned primarily as Mr Paul Rivlin, a director, puts it "to create value by doing good quality development." The company sees itself neither as a trader nor as an investment company but as "slightly purist property developers" who want to be rated, not on the basis of earnings, but in terms of assets.

The fact that Rosehaugh looks so complicated, with a web of more than 150 subsidiaries and associates, and tne popular curiosity about the grandiose side of the husiness, have combined to obscure the likely source of medium term asset growth.

The first point here is the question of the City of London and the degree of Rosehaugh's dependence on it. There is no doubt that the Broadgate project – 3.3m sq ft of offices – in a joint venture witb Stanhope Properties and British Rail Property Board – remains of signal importance to the company. Estimates vary and get chancier the longer the time span, but Warburg Securities think it is worth 400p a share by 1991.

Again, the development with Greycoat near by at Finsbury Avenne, which first brought Rosehaugh to prominence, is also important.

But in the last annual report, for the year to June 1987, Rosehaugh Stanhope Developments and Rosehaugh Greycoat Estates, the two vehicles for by far the greater part of Rosehaugh'a City involvement, accounted for under 30 per cent of the Rosehaugh shareholders' funds.

As Broadgate lets and the new phases come through, the expoaure of Rosehaugh is being reduced. Indeed, the balance not only of Rosehaugh's activities, hnt also those of Rosehaugh Stanhope Developments, is beginning to shift.

To take the joint venture first, the nearest thing to a major City project that it has is related to the redevelopment of Holhorn Viaduct, called Lndgate. But the land assemhly programme there has not yet been completed. The shift in the joint venture's activities is more towards London Docklands, where the biggest and probahly riskiest venture is in the Royal Docka, and, of course, towards King's Cross.

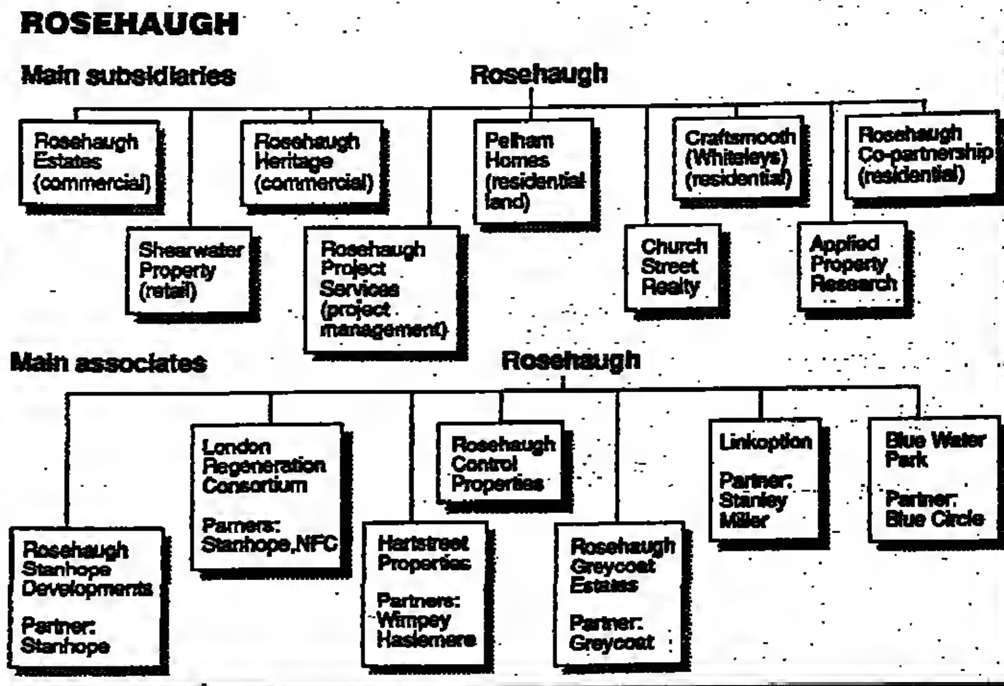
For Rosehaugh itself, the spread of activities is wider, both in terms of the nature of its developments and where they are taking place. The chart gives some flavour of that, indicating that through Pelham Homes and Rosehaugh Co-partnership, there is a strong residential arm, and through Shearwater, a strong presence in the retail sector.

"The largest contributors to profitability are the on-going activities of the development subsidiaries and particularly the sales of developed land by Pelham Homes," says Mr Rivlin.

The extent of this diversity and the speed with which it has taken place – largely over the last three years – has meant that the role of Mr Godfrey Bradman, the chairman, is less than is often supposed. He does of course give the company its style, but he takes an immediate interest in only a few projects now.

But the size of the company, with a staff of about 300, necessarily involves several layers of decision-making. Development subsidiaries find their projects, work tham np and only then put them up to board level for approval. Once approval is given, it is up to the suhsidiary to make the scheme work.

ROSEHAUGH




Godfrey Bradman

A further effect of the diversity is the range of financing techniques. Rosehaugh is best known for its use of off-balance sheet financing, where horrowing is secured against a project or a phase of a project and Rosehaugh itself is not liable. This form of financing is, in fact, restricted to joint ventures, notably Rosehaugh Stanhope Developments at Broadgate where over £1bn has been raised and there is more to come. It is also being used at Chafford Hundred, West Thurrock, Essex, where Pelham Homes has 40 per cent of one of Britain's higgest housing and community developments. Financing has just heen arranged by Midland Bank.

Rosehaugh itself employs the orthodox range of financing for its own projects, on the balance sheet. It engages, for example, in the forward selling of projects. Shearwater has done precisely this with a shopping centre – at Kendal, Cumbria, to the Shell Pension Fund.

At the end of the June 1987 financial year, Rosehaugh was in a cash positive position. There had been a £58.9m rights issue in 1986 and a disguised rights issue in March of £89.7m when General Funds Investment Trust was bought. During the current year Rosehaugh set up its first £100m multi-option facility, part of which has been drawn down. The next accounts will show some net debt.

In a wider context, the growth of Rosehaugh has increased the range of choices available to meet its growing capital needs. Another rights issue does not appear to be on the cards. It is more likely to pursue the possibilities of partnerships with, say, Japanese institutions. It is aware that it could do mora with British institutions anxiona to huild up their property interests. It will be exploring more extensive use of the securities market, opening up the possibility of more debenture issues.

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M11 PROPERTY

The Financial Times proposes to publish this survey on
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For a full editorial synopsis and details of available advertisement positions, please contact
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or write to him at:
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Financial Times
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London EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

COMPANY NOTICES

PIRELLI U.K. INTERNATIONAL FINANCE B.V.

£ 40,000,000 Guaranteed 7 1/2 % Convertible Bonds due 2000

In accordance with condition 11(A) (b) (ii) of the first schedule of the Trust Deed for the above mentioned convertible Bonds, notice is hereby given to the Bondholders that the Annual General Meeting of the Shareholders of Pirelli S.p.A. will be held in Milan on November 11th and 12th, 1988.

The Bondholders are therefore reminded that the subscription rights in Pirelli S.p.A. ordinary shares will be suspended from October 22nd, 1988 (date of publication in Gazzetta Ufficiale) up to and including November 13th, 1988.

Pirelli S.p.A., Milan

FIDELITY WORLD FUND
Société d'Investissement à Capital Variable
Luxembourg, 13 Boulevard de la Foire
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DIVIDEND NOTICE

At the Annual General Meeting held on September 27, 1988 it was decided to pay a dividend of US $ 0.08 (eight cents) per share on/or after October 25, 1988 to shareholders of record on October 4, 1988 and to holders of bearer shares upon presentation of coupon No 13.

Paying Agents: FIDELITY INTERNATIONAL (C.I.) LIMITED
40, Esplanade
St Helier, Jersey, Channel Island

KREDIETBANK S.A. Luxembourgeoise
43, boulevard Royal
L - 2955 LUXEMBOURG

COMPANY NOTICES

REPUBLIC OF ITALY
ECU 300,000,000 Floating Rate Notes due 1992

In accordance with the terms and conditions of the Notes, notice is hereby given that for the 3 months period from September 30, 1988 to December 30, 1988, the Notes will carry an interest of 7 1/2 % per annum (margin included).

The relevant interest payment date will be December 30, 1988 and the coupon amount per ECU 10,000 nominal will be ECU 197.48 and per ECU 100,000 nominal will be ECU 1,974.82.

Banque Générale du Luxembourg S.A.
Agent Bank

Re: A/S JYSKE BANK
USD 40,000,000 Floating Rate Notes due 1994

In accordance with the terms and conditions of the notes, notice is hereby given that for the 6 month period from April 30, 1988 to October 31, 1988 the coupon amount per USD 10,000 will be USD 426.64 and per USD 250,000 will be USD 10,666.23.

Banque Générale du Luxembourg S.A.
Reference Agent

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN PIONEER ELECTRONIC CORPORATION.

Public Notice of Record Date
Notice is hereby given that, pursuant to the provisions of Article 10 of the Articles of Incorporation of the Company, any shareholder having voting rights as appearing on the register of shareholders of common stock at the end of September 30, 1988 (record date), Tokyo time, shall be deemed to be a shareholder who is entitled to exercise the rights of a shareholder at the 42nd Ordinary General Meeting of Shareholders to be held in December, 1988.

It is to be added that dividends on shares will be paid to the shareholders or pledgees whose names appear on the register of shareholders of common stock as of the end of the same day.

Pioneer Electronic Corporation,
4-1, Meguro 1-Chome, Meguro-Ku,
Tokyo.

Depositary.
The Bank of Tokyo International Limited.
London.

Agent.
The Bank of Tokyo (Luxembourg) SA.
Luxembourg.

30 September 1988

CITY OF MONTREAL

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NOTICE IS HEREBY GIVEN that the Transfer register will be closed from 17 October to 31 October 1988 both dates inclusive
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Registrar's Department
23 Gresham Street
London EC2V 7HH

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
NO. 005358 OF 1988
IN THE MATTER OF HAZLEWOOD FOODS PUBLIC LIMITED COMPANY
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 2nd September 1988 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above named Company by the sum of £37,784,800.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London, WC2A 2LL on Monday 10th day of October 1988.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order of the confirmation of the said reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned Solicitors on payment of the regulated charge for the same.

Dated this 28th day of September 1988

Calow Easton
18/19 Southampton Place
London
WC1A 2AJ

Tel: 01 404 4701
Solicitors for the above named Company

1984 No. 5817P
THE HIGH COURT
IN THE MATTER OF: MIRROR MIRROR LIMITED
AND IN THE MATTER OF: THE COMPANIES ACTS, 1963-1986

The Creditors of the above named company are required on or before the 21st day of October 1988 to send their names and addresses and the particulars of their debts of claims and the names and addresses for their Solicitors, if any, to Hugh M. Cooney of 39 Northumberland Road, Dublin 4, Ireland, the Official Liquidator of the said company and if so required by notice in writing from the Official Liquidator, are to file such Affidavits in proof of claims as they may be advised and to give notice of filing thereof to the Official Liquidator and to attend at such time and place as shall be specified in such notice or, in default thereof, they will be excluded from any distribution made before such debts or claims are proved.
Wednesday the 2nd day of November 1988 at 2.30 o'clock in the afternoon at the Examiner's Office, Aras Ui Dhalaigh, 2nd Floor, Inns Quay, Dublin 7, Ireland has been appointed for hearing and adjudicating upon the said debts and claims.
Dated this 21st day of September 1988.

J. Comerford
Examiner.

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US$30,000,000
GUARANTEED FLOATING RATE Notes 1995

The interest rate applicable to the above Notes in respect of the period commencing 30th September 1988 will be 9.5625% per annum.

The interest amounting to US$ 241.72 per $5,000 principal amount and US$ 483.44 per $10,000 principal amount of the Notes will be paid on 31st March 1989 against presentation of Coupon No. 1.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re HARTMAN MATERIAL HANDLING SYSTEMS, INC.
ALLIS-CHALMERS CORPORATION
d/b/a AMERICAN AIR FILTER COMPANY, INC., et al.,
Debtors

In Proceedings For a Reorganization Under Chapter 11 Case Nos. 87 B 11225 Through 87 B 11242 Inclusive (BRL)

NOTICE OF HEARING TO CONSIDER APPROVAL OF PURCHASE AGREEMENT WITH ITT CORPORATION AND ITT INDUSTRIES OF CANADA, LTD. FOR SALE OF PUMP BUSINESS

TO ALL CREDITORS OF ALLIS-CHALMERS CORPORATION, ET AL. AND OTHER PARTIES IN INTEREST HEREIN:

PLEASE TAKE NOTICE that on October 11, 1988, in Courtroom 623 of The Old Customs House, One Bowling Green, New York, New York 10004-1408 at 10:00 o'clock in the forenoon of that day, a hearing will be held (the "Hearing") before the Honorable Burton R. Lifland, United States Bankruptcy Judge, to consider upon the application of Allis-Chalmers Corporation ("A-C"), for and on behalf of itself and the other debtors and debtors in possession herein (the "Debtors"), dated September 21, 1988 (the "Application") the entry of an order:

(a) Authorizing A-C pursuant to 11 U.S.C. Sections 363(b) and (f), to sell (or, as the case may be, to cause its direct or indirect subsidiaries to sell) the Assets and transfer the Liabilities (each as defined in the Purchase Agreement (the "Purchase Agreement") dated as of June 21, 1988 among A-C, Allis-Chalmers Pump, Inc., debtor and debtor in possession ("Pump"), Allis-Chalmers Canada, Inc. ("A-C Canada") (A-C, Pump and A-C Canada are hereinafter referred to collectively as the "Sellers"), ITT Corporation ("ITT") and ITT Industries of Canada, Ltd. ("ITT Canada") (ITT and ITT Canada are referred to together as the "Purchasers")), free and clear of all pledges, security interests, liens, charges, other encumbrances, claims, options and interests (collectively, the "Liens"), to either:

(i) the Purchasers pursuant to the terms and conditions set forth in the Purchase Agreement, a copy of which is annexed to the Application as Exhibit "A", or

(ii) to any third party found by the Court to have made a higher and better offer (a "Competitive Bid") than that made by the Purchasers, for the purchase of the Assets and the transfer of the Liabilities;

(b) Approving the Purchase Agreement (or any other purchase agreement proposed in connection with a Competitive Bid) in its entirety and all of its terms and authorizing their performance thereof by A-C and its affiliates;

(c) Decreeing and adjudging that, subject to the provisions of any plan or plans of reorganization confirmed in these proceedings, the Liens, if any, shall attach to the proceeds (together with interest, if any, earned thereon and net of payments therefrom authorized pursuant of such order) of the sale of the Assets subject to such Liens in connection with the sale thereof pursuant to the Purchase Agreement (or a Competitive Bid), to the same extent and having the same validity, perfection, priority and enforceability as such Liens had with respect to such Assets immediately prior to such sale, such issues regarding the extent, validity, perfection, priority and enforceability of such Liens with respect to such proceeds to be determined by this Court upon application of the Debtors or another party in interest at a later date or pursuant to any plan or plans or reorganization confirmed in these proceedings;

(d) Authorizing the Debtors to pay out of the proceeds of the sale of the Assets the following fees and expenses: (i) to Lazard Freres & Co., an amount equal to 1-1/2% of the Consideration (as defined in the engagement letter dated July 1, 1987 between Lazard and A-C) received; (ii) all costs and expenses necessary to cure Defaults (as defined in the Application) under all Assigned Contracts and Leases (as defined in the Application), including those Defaults resulting in pecuniary loss; (iii) all transfer taxes, documentary taxes, withholding taxes, assessments or other charges made by an governmental authority in connection with the sale of the Assets and transfer of the Liabilities; (iv) amounts necessary to settle intercompany accounts between the Business and the Remaining Business (both as defined in the Purchase Agreement), and (v) all other reasonable and necessary costs and expenses incurred in connection with the sale of the Assets and the transfer of the Liabilities, including the fees of, and expenses incurred by, any professional person or attorney retained by the Debtors, to the extent allowed by order of the Bankruptcy Court (all fees and expenses payable pursuant to this paragraph (d) are hereinafter collectively referred to as the ("Expenses");

(e) Authorizing the Debtors, to the extent, in connection with the transaction contemplated by such Order, the Debtors repurchase receivables at their option for OAR Corporation ("OAR") for subsequent sale to the Purchaser, or are required by the terms of the Amended and Restated Post-Petition OAR Purchase and Sale Agreement dated as of August 24, 1987 between OAR and A-C (the "Restated Post-Petition OAR Purchase and Sale Agreement") to repurchase receivables from OAR, to pay out of the proceeds of the sale of the Assets, at the time of repurchase, the purchase price for such receivables determined in accordance with the Restated Post-Petition OAR Purchase and Sale Agreement, including, at the option of A-C, by use of a portion of the unencumbered proceeds of the sale of the Assets which would otherwise be deposited in the A-C Disposition Account (as defined below) in accordance with paragraph (f) below and requiring OAR to deliver to A-C such documents and instruments necessary to transfer such receivables to A-C;

(f) Authorizing the Debtors, subject to the provisions of any plan or plans or reorganization confirmed in these proceedings, to pay the remaining net proceeds, (less amounts payable pursuant to paragraph (e) and Expenses) into a segregated account in the name of A-C and maintained with The Connecticut National Bank (the "A-C Disposition Account"), subject to investment by the Debtors in accordance with the orders of this Court;

(g) Providing that, subject to the provisions of any plan or plans of reorganization confirmed in these proceedings, the rights of all parties in interest to such proceeds in the A-C Disposition Account shall be preserved in full, provided that the Debtors shall be entitled, except as provided by further order of this Court of pursuant to any such plan or plans or reorganization, to withdraw funds from the A-C Disposition Account, upon thirty days notice (a "Notice of Withdrawal" to the A-C Trustees, the Private Lenders, the OAR Trustees and the OAR Lenders (all as defined or used in the Application), the Official Committee of Unsecured Creditors, the Official Committee of Equity Security Holders and the Official Labor and Retiree Creditors Committee, which notice shall state that the Debtors believe, after consultation with counsel retained in these Chapter 11 proceedings, that neither the A-C Trustees, the Private Lenders nor any other party in interest have a perfected Lien in the funds in the A-C Disposition Account to the extent such funds are to be withdrawn; provided that if the A-C Trustees, the Private Lenders, the OAR Trustees or the OAR Lenders shall, during the first fifteen days of the thirty-day period referred to above with respect to any Notice of Withdrawal, commence an action or proceeding in the Bankruptcy Court, which action or proceeding seeks to prevent all or a portion of the withdrawal described in such Notice of Withdrawal, and if the person commencing such action or proceeding uses its best efforts to cause such Court to hold a hearing on an enter an order deciding such action or proceeding prior to the end of such thirty-day period, then the Debtors shall refrain from withdrawing such funds from the A-C Disposition Account to the extent such action or proceeding seeks to prevent the withdrawal thereof unless and until (and, then, only to the extent that) (i) the Bankruptcy Court enters an order authorizing such withdrawal or, expressly declines to prevent such withdrawal in connection with such action or proceeding, and (ii) either (A) ten days shall have passed since such action by the Court without entry by a court of competent jurisdiction of a stay of such withdrawal pending appeal of such action or (B) if such a stay shall have been entered, such a stay shall have expired or been vacated;

(h) Authorizing the Debtors to withdraw funds from the A-C Disposition Account upon five days notice to the A-C Trustees, the Private Lenders, the OAR Trustees, the OAR Lenders, the Official Committee of Unsecured Creditors, the Official Committee of Equity Security Holders and the Official Labor and Retiree Creditors Committee for the purpose of paying Expenses not previously paid;

(i) Decreeing that, subject to the provisions of any plan or plans of reorganization confirmed in these proceedings, (I) the rights of the A-C Trustees, the Private Lenders, the OAR Trustees and the OAR Lenders and all other parties in interest (including any rights which may exist pursuant to (1) the Second Order Authorizing Sale of Receivables, Incurring of Administrative Priority Status and Granting of Security Interests entered by this Court on September 30, 1987; and (2) the Stipulation Providing For, Inter Alia, (A) Resolution of Disputes with Collateral Trustees and Lenders Regarding Adequate Protection and (B) Modifying the Automatic Stay As It Applies to Certain Payments, approved by this Court on September 16, 1987) to Liens or any other rights they may have on or against any funds in the A-C Disposition Account, including a right to obtain such funds or to be provided adequate protection for use by the Debtors of any such funds, are hereby expressly preserved and (II) the objection and defenses of the Debtors and all other parties in interest to any claim or demand of, or interest in such funds claimed by the A-C Trustees, the Private Lenders, the OAR Trustees or the OAR Lenders or other parties in interest, and to any attempt to obtain such funds or to obtain adequate protection for the use thereof by the Debtors, are expressly preserved;

(j) Authorizing the transfer by the Sellers to, and the assumption by, the Purchasers of the Liabilities (which Liabilities include, without limitation, certain warranty liabilities and liabilities directly relating to Liability Events (as defined in the Purchase Agreement);

(k) Authorizing the Debtors, pursuant to 11 U.S.C. Section 365, to assume the Assigned Contracts and Leases to which they are party and to assign such Assigned Contracts and Leases to the Purchasers;

(l) Authorizing the Debtors in connection with the assumption of the Assigned Contracts and Leases to which they are party, to cure Defaults, including those Defaults resulting in pecuniary loss, and decreeing and adjudging that upon curing such Defaults, such Assigned Contracts and Leases shall be in full force and effect without default;

(m) Decreeing and adjudging, as provided in 11 U.S.C. Section 365(k), that upon assignment of the Assigned Contracts and Leases, the Debtors and their estates shall be released from any liability for any breach of such Assigned Contracts and Leases occurring after such assignment;

(n) Requiring the OAR Trustees and the AC Trustees to deliver such documents and releases as may be reasonably requested by the Debtors or the Purchasers in connection with the sale of the Assets and transfer of Liabilities to the Purchasers;

(o) Directing each and every appropriate Federal, State and local government agency or department to accept any and all filings necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement (including, without limitation, filings (i) in county recording offices in Ohio, (ii) with the United States Patent and Trademark Office necessary to assign to the Purchasers the Sellers' interest in certain patents and trademarks and (iii) with any governmental agency or department required to transfer to the Purchasers an licenses or permits necessary for the operation of the Business (as defined in the Purchase Agreement);

(p) Authorizing the A-C Entities (as defined in the Purchase Agreement) to execute and cause their direct and indirect subsidiaries to execute, such documents and agreements and do such things as may be necessary to implement, effectuate and consummate the transactions contemplated by the Purchase Agreement; and

(q) Granting such other and further relief to the Debtors as may be just and proper;

PLEASE TAKE FURTHER NOTICE that the Purchase Agreement provides for a purchase price of $71,000,000, subject to certain adjustments as set forth to Section 2.03 thereof. The purchase price, the liabilities to be assumed and all other terms and conditions of the sale of the Business to the Purchaser are set forth to the Purchase Agreement, a copy of which has been filed with the Court as Exhibit "A" to the Application, as is available for examination by parties in interest during the Court's regular business hours.

PLEASE TAKE FURTHER NOTICE that the Hearing may be adjourned from time to time without further notice to creditors or other parties in interest other than by announcement of such adjournment on the date scheduled for the Hearing.

HIGHER AND BETTER OFFERS

PLEASE TAKE FURTHER NOTICE that at the Hearing, the Bankruptcy Court will consider the Purchase Agreement and any Competitive Bids. Any party wishing to make an offer to purchase the Business on terms which it considers to be higher or better than those set forth in the Purchase Agreement (collectively "Competitive Bidders") must, pursuant to order of the Bankruptcy Court, comply with the following procedures:

1. Competitive Bids must be made in writing, filed with the Bankruptcy Court and served by hand, courier or overnight service upon: (i) A-C (at 1205 South 70th Street, West Allis, Wisconsin 53214) and its counsel (whose addresses are set forth below), (ii) Wachtell, Lipton, Rosen & Katz, 299 Park Avenue, New York, New York 10171, Attention: Harold S. Novikoff, Esq., (iii) Stroock & Stroock & Lavan, 7 Hanover Square, New York, New York 10004, Attention: Andrew DeNatale, Esq., (iv) Meyerson & Kuhn, 237 Park Avenue, New York, New York 10017, Attention: Claude Montgomery, Esq., (v) Berlack, Israels & Liberman, 1155 Avenue of the Americas, New York, New York 10036, Attention: David Strumwasser, Esq., and (vi) ITT Corporation, 320 Park Avenue, New York, New York 10022, Attention: Harlan W. Murray, Esq., on or before October 7, 1988;

2. Competitive Bids shall each:

(a) specifically set forth: (i) all actions taken by such Competitive Bidder to obtain approval, if any, from necessary governmental and regulatory agencies of the proposed sale were such interested party to be the successful Competitive Bidder, (ii) such approvals or disapprovals obtained, and (iii) the Competitive Bidder's best estimate as to the likelihood and timing, of any such approvals not yet obtained;

(b) Specifically set forth those amendments and modifications to the Purchase Agreement which the Competitive Bidder would propose if it were to be the successful Competitive Bidder; and

(c) Be accompanied by the latest available certified financial statements of the Competitive Bidder and such subsequent financial statements and other financial information which will enable A-C to evaluate the Competitive Bidder's ability to satisfy its obligations under the Purchase Agreement.

OBJECTIONS TO THE SALE OF THE BUSINESS

PLEASE TAKE FURTHER NOTICE that objections, if any, to approval of the proposed sale of the Business, or to any of the other relief requested by A-C as set forth in the Application, shall state with particularity the reasons for the objection and shall be filed with the Bankruptcy Court and served by hand, courier or overnight delivery service upon (a) Levin & Weintraub & Crames and Davis Polk & Wardwell, co-counsel for A-C, whose addresses are set forth below, (b) Wachtell, Lipton, Rosen & Katz, 299 Park Avenue, New York, New York 10171, Attention: Harold S. Novikoff, Esq., (c) Stroock & Stroock & Lavan, 7 Hanover Square, New York, New York 10004, Attention: Andrew DeNatale, Esq., (d) Meyerson & Kuhn, 237 Park Avenue, New York, New York 10017, Attention: Claude Montgomery, Esq. (e) Berlack, Israels & Liberman, 1155 Avenue of the Americas, New York, New York 10036, Attention: David Strumwasser, Esq., and (f) ITT Corporation, 320 Park Avenue, New York, New York 10022, Attention: Harlan W. Murray, Esq., and any other persons whose interests would be affected if the objection were to be sustained, on or before October 7, 1988 to 5:00 o'clock in the afternoon. Any objection so filed will be considered by Bankruptcy Judge Lifland on October 11, 1988 to 10:00 o'clock in the forenoon or as soon thereafter as counsel can be heard, at Courtroom 623, United States Bankruptcy Court, The Old Customs House, One Bowling Green, New York, New York 10004-1408.

Dated: New York, New York, September 21, 1988

BY ORDER OF THE BANKRUPTCY COURT
HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE
The Old Customs House
One Bowling Green
New York, New York 10004-1408

LEVIN & WEINTRAUB & CRAMES
Attention: Andrew A. Kress, Esq.
Co-counsel to Allis-Chalmers Corporation, et al.
Debtors and Debtors in Possession
225 Broadway
New York, New York 10007
(212) 962-3300

DAVIS POLK & WARDWELL
Attention: Donald S. Bernstein, Esq.
Co-counsel to Allis-Chalmers Corporation, et al.
Debtors and Debtors in Possession
1 Chase Manhattan Plaza
New York, New York 10005
(212) 530-4000

HONG KONG AS A FINANCIAL CENTRE

The Financial Times proposes to publish this survey on:
26th OCTOBER 1988
For a full editorial synopsis and advertisement details, please contact:
PETER HIGHLAND on 01-248 8000 ext 3595
or write to him at:
Bracken House, 10 Cannon Street
London EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Anderson Unit Tst Mgrs Ltd (1200)F
62 London Wall, London, EC2R 7DD 01-638 1200

Growth Tst	5	198.0	203.1	208.3	......	-
High Income Tst	5	34.17	34.63	36.84	......	6.09
Int'l Recovery Acc	5	39.04	40.57	43.62	......	1.31
Int'l Recovery Inc	5	28.48	29.58	31.81	......	1.31

Anthony Wieler Unit Tst Mgmt Ltd (1000)F
19 Widegate St, London E1 7HP 01-377 1010

Growth Income	5	102.1	104.7	111.4	......	1.4
Do Accum	5	143.6	147.2	156.6	......	1.4
Quarterly Income	5	52.07	53.67	57.10	......	7.0

Arkwright Management (1400)F
1 King St, Manchester M60 3AH 061-832 0242

Growth Sept 27	5	41.47	91.47	97.31	......	2.29
Income Sept 27	5	46.16	46.94	49.94	......	4.93

Buckmaster Mangmt Co Ltd (1200)H
The Stock Exchange, London EC2P 2JT 01-588 2868

Emerging Gwth	5	58.63	60.09	63.76	+0.25	1.85
(Accum Units)	5	59.67	60.54	64.21	-0.25	1.85
Fellowship Tst	5	58.87	60.33	64.22	+0.58	1.87
(Accum Units)	5	60.00	61.70	65.46	+0.6	1.87
General Inc	5	259.4	259.9	274.8	+3.8	3.00
(Accum Units)	5	429.2	429.2	453.8	+6.2	3.00
Income	5	138.9	143.3	152.1	+1.2	4.64
(Accum Units)	5	261.7	269.9	286.4	+2.1	4.64
International	5	105.6	105.6	111.7	-0.7	1.90
(Accum Units)	5	143.1	143.1	151.3	+0.8	1.90
Smaller Co's	5	96.53	98.87	104.9	+0.7	1.08
(Accum Units)	5	104.8	107.4	114.0	+0.8	1.80
Inv Portfolio	2½	47.80	49.34	50.87	+0.37	4.00

London & Manchester (Tst Mgmt) Ltd (1600)H
Winslade Park, Exeter EX5 1DS 0392 282673

American	5	30.06	30.38	32.29	+0.12	0.8
General	5	48.35	48.59	51.58	+0.21	3.6
Income	5	43.43	43.82xd	46.52	+0.18	5.9
International	5	35.14	35.47	37.65	+0.06	0.9
Japan	5	49.53	49.76xd	52.82	-0.07	-
Tst of Inv Trusts	5	35.35	36.11	38.33	+0.02	1.9

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

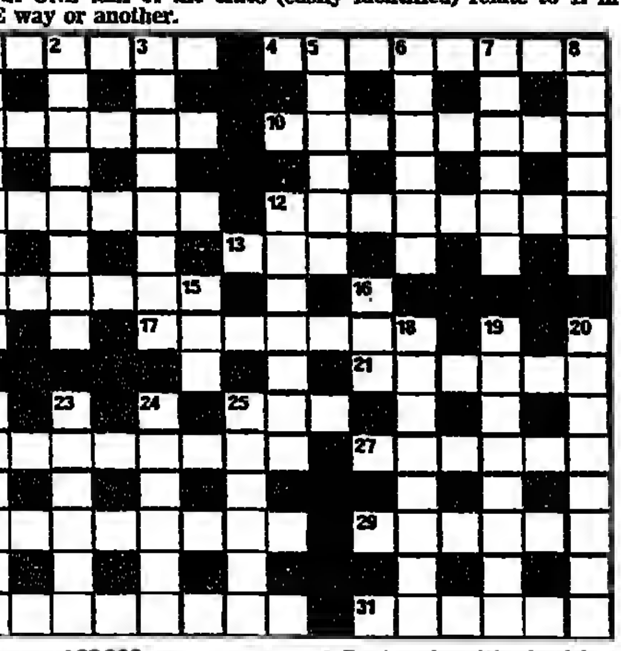
FT 30	FTSE 100	WALL STREET
Sep. 1475/1484 +13	Sep. 1823/1833 +19	Oct. 2105/2117 +19
Dec. 1477/1486 +12	Dec. 1829/1839 +17	Dec. 2110/2122 +18

Prices taken at 5pm and change is from previous close at 9pm

CROSSWORD

No. 6,747 Set by FETTLER

About ONE half of the clues (easily identified) relate to 1. in ONE way or another.



ACROSS

1 Bill's penny metal washer (6)
4 Riff raff of former times were topped here (8)
9 Here's no wee piece for Scotsman to write down (6)
10 Seen to soak in ones whitewash (8)
11 One lams brutally – a bloody outcome (6)
12 "Amen" best reverberates around the crypt (8)
13 What's often awarded for a sparkling run (3)
14 Talk about the dear departed (6)
17 Measure police will give effect to (7)
21 Retired one and yet can develop (6)
25 Rude fellow, passing one up for tea (3)
26 Drift out, veer right! How's that for a start (8)
27 One roue reformed can make good (6)
28 Strong attachment to vine is getting one too excited (8)
29 Wail wildly in the outskirts of Delhi: it's carnival time (6)
30 To complete the puzzle again, one must be determined (8)
31 Spirited neat, one I keep in a pen (6)

DOWN

1 Plot against the master in which one's involved (8)
2 Contemptible one; I libate drunkenly (8)
3 Set a time roughly, making this? (8)
5 A conductor? Of Bizet's singular opera perhaps? (6)
6 Equipped with healthy spread (6)
7 One with nose wrinkled, seeing such meagre amounts (6)
8 "De tout ensemble" in this musical work (6)
12 Soft loaf, rich with tops of butter or eggs (all scrambled) (7)
15 N-one? Now that's the limit (3)
16 Fish one left for the expert (3)
18 Hurry up! Export tide's turning to the east (8)
19 Here's a sight – one kagool shortened by mum (8)
20 One having a choice about being the object of a takeover (8)
22 Roles one played to patch up matters (6)
23 Pulley, dropping top to bottom, then lifts up (6)
24 Federal – i.e. organised at last (6)
25 The Colonial Office was exceedingly short about reference to the French-Caribbean patois (6)

Solution to Puzzle No.6,746

APACHE COMMENCE
P R E S V A I L
PROTEST EPISTLE
R M L O R N R V
ADAM CORSETIERE
I T F D H A N
SPIRIT LOGICAL
E S R C E N D U
TEASHOP GERMAN
K T N T D I T
INVOCATION ASIA
N E L E T P S D
DISDAIN AMUSING
E T S T L P O H
REASSESS GARNET

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants. SP10 1RE 0264 63434						
TSB American	5	100.50	100.50	106.92	+0.39	2.11
Do Accum	5	107.87	107.87	114.65	+0.42	2.11
TSB Brit. Growth	5	53.76	53.95	57.39	+0.49	3.30
Do Accum	5	56.26	56.46	60.06	+0.52	3.30
TSB European	5	49.98	49.98	53.17	-0.26	1.16
Do Accum	5	51.33	51.33	54.61	-0.27	1.16
TSB Extra Income	5	143.14	144.95	154.20	+2.29	5.86
Do Accum	5	184.77	187.08	199.02	+2.97	5.86
TSB Smaller Cos	5	52.38	52.38	55.72	+0.26	1.25
Do Accum	5	53.51	53.51	56.71	+0.16	1.25
TSB General	5	176.66	177.38	188.70	+1.22	3.33
Do Accum	5	305.69	307.05	326.65	+2.12	3.33
TSB Gilt & Fxd Int	3¼	47.52	47.52	49.14	-0.01	8.97
Do Accum	3¼	71.74	71.74	74.20	-0.01	8.97
TSB Income	5	261.73	263.41	280.22	+1.25	4.99
Do Accum	5	437.48	440.29	468.39	+2.08	4.99
TSB Pacific	5	201.05	202.19	215.10	[illegible]	[illegible]
Do Accum	5	209.03	210.22	223.64	[illegible]	[illegible]
TSB International	5	318.79	319.67	340.07	[illegible]	[illegible]
Do Accum	5	401.01	402.11	427.78	[illegible]	[illegible]
TSB Nat Resources	5	59.66	60.32	64.17	[illegible]	[illegible]
Do Accum	5	62.71	63.40	67.45	[illegible]	[illegible]
TSB Special Opps	5	78.04	78.94	83.99	[illegible]	[illegible]
Do Accum	5	89.05	90.09	95.84	[illegible]	[illegible]
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin: 0296 394000 Dealing: 01-379 0860						
American Eagle	5	64.02	64.02	68.37	+0.15	0.87
Australia	5	7.292	7.292	7.805	[illegible]	0.10
Commodity	5	75.77	75.77	81.79	+0.42	0.61
Convertible	5	138.8	138.8xd	149.0	+0.0	5.11
Equity	5	150.4	150.4	161.7	+1.1	3.25
Euro Spec Sits	5	79.20	79.20	85.06	+0.67	1.60
Financial	5	30.37	30.37xd	32.66	-0.37	2.09
Global Opps Inc	5	55.46	55.46	59.71	+0.09	0.63
Global Opps Acc	5	55.46	55.46	59.71	+0.09	0.63
Gold Income	5	48.79	48.79	52.38	+0.35	0.00
Gold Acc	5	89.87	89.87	96.29	+0.64	0.00
Income	5	104.5	105.5xd	113.2	+0.5	4.48
Japan	5	119.4	119.4xd	128.6	-0.4	0.00
Pacific Inc	5	110.2	118.2xd	119.0	-0.3	0.06
Pacific Acc	5	136.7	136.7	147.6	-0.4	0.06

	Bid Price	Offer Price	+ or -	Yield Gross
MIM Ltd				
Mngd Pens (Acc)	54.7	58.31	+0.61	0.00
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Exmt Sept 28	40.8	42.4	—	2.27
Euro Exmt Sept 28	41.0	43.0	—	2.56
Fixed Int Ex Sept 28	48.6	50.9	—	9.71
Japan Exmt Sept 28	52.1	54.2	—	0.48
Managed Ex Sept 28	39.1	40.6	—	4.96
SE Asia Exmt Sept 28	35.1	36.8xd	—	2.22
Sm Cos Exmt Sept 28	42.6	44.7	—	2.83
UK Eqty Ex Sept 28	54.0	55.7xd	—	4.53
New Court Property Fund Managers				
NC Property	189.5	199.5	—	—
Phillips & Drew Fnd Management Ltd				
PDFM Small Co Fd(2/9)	771.0	817.0	—	3.75
Do Accum	795.0	844.0	—	3.75
PDFM Int Exmpt Sept 29	127.0	129.1	-1.3	2.67
J. Rothschild Fund Managers Ltd				
Intl Exempt	91.40	92.75	—	2.90

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
(Investment Mngt N M & G Inv Mngt Ltd)				
AA Friendly Sy Sept 8	—	134.9	—	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	262.6	276.5	—	—
Equity Ser. 1	113.7	119.7	+0.3	—
Prop. Acc. Ser 2	380.2	400.3	—	—
Equity Ser 2	129.0	135.8	+0.3	—
Selective Acc	291.3	306.7	+0.3	—
Prop. Ser. 4	300.3	316.2	—	—

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Dist. (Gross)	176.5	185.8	—	—
Prop. Acc. (Gross)	285.7	300.8	+0.1	—
Equity (Gross)	658.9	693.6	+5.9	—
Managed (Gross)	473.1	498.1	+2.0	—
Prop. Acc. (Net)	132.0	139.0	—	—
Equity (Net)	153.9	162.0	+0.7	—
Managed (Net)	145.2	152.9	+0.4	—
Internat'nal (net)	131.6	138.6	+0.1	—
Gilt & Fxd Interest	100.2	105.5	+0.1	—
Money Fund	101.0	106.3	—	—
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	447.7	471.3	+2.2	—
Ret Man (Series 2)	151.9	159.9	+0.8	—
Ret Man (Series 3)	99.9	99.9	+0.3	—
Ret Cash	125.1	131.7	—	—
Ret Cash (Series 3)	102.5	102.5	—	—

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

	Bid Price	Offer Price	+ or -	Yield Gross
Life Assurance Funds				
Wealth Assd	388.8	409.4	—	—
Eb'r Ph. Eq.	329.4	350.5	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	169.3	178.2	+0.6	—
International Acc.	142.7	150.2	—	—
Property Acc.	149.4	137.2	+0.3	—
Fixed Interest Acc.	157.5	165.7	+0.6	—
Money Acc.	144.4	152.0	+0.1	—
Bldg. Soc. Link Acc.	141.3	148.7	+0.1	—
Special Mnged. Acc. Q	153.9	162.0	+0.4	—
Phoenix/Framlington				
Intnl Growth Acc.	88.30	92.98	+0.30	—
Am. Smllr. Cos. Acc.	89.40	94.10	+0.30	—
Capital Tst. Acc.	171.9	180.9	+0.4	—
Japan & Gen Acc.	187.5	197.3	+0.1	—
American Turn. Acc.	98.40	103.5	+0.1	—
Recovery Tst. Acc.	178.4	187.7	+1.3	—
Special Mngd Acc.	149.1	156.9	+0.9	—
Phoenix/GT				
International Acc.	133.4	140.4	+0.2	—
US & General Acc.	88.20	92.80	-0.20	—
Amer Spec Sits Acc.	67.30	71.00	+0.60	—
Japan & General Acc.	188.8	198.7	+0.1	—
Far East & Gen. Acc.	136.4	143.5	-0.4	—
UK Capital Acc.	170.2	187.5	+2.9	—

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund	891.4	936.0	+0.1	—
Equity Fund	202.3	212.4	+0.0	—
International Fd	131.6	138.2	-0.4	—
Fixed Interest Fd.	150.5	158.0	-0.1	—
Property Fund	172.7	181.3	—	—
Index-Linked Fund	125.3	131.6	+0.1	—
Deposit Fund	130.3	136.0	+0.1	—
Pens. Mixed (Ord) Fd.	205.9	216.2	+0.0	—
Gold Pensions				
Discretionary Fund		99.0	+0.0	—
Equity Fund		98.7	+0.0	—
Fixed Interest Fund		102.8	-0.1	—
International Fund		98.3	-0.3	—
Property Fund		100.0	—	—
Index-Linked Fund		102.3	+0.1	—
Deposit Fund		102.1	+0.1	—
S & F Consolidation		101.5	+0.0	—
S & F Balanced		99.3	+0.4	—
S & F Maximum Growth		94.9	+0.2	—

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord.	286.4	301.5	-0.4	—
Managed Init.	235.7	248.1	+0.4	—
Equity Ord.	401.2	422.3	+0.9	—
Equity Init.	330.1	347.5	+0.8	—
Index Linked Gilt Ord.	123.6	130.1	-0.2	—
Index Linked Gilt Init.	106.2	111.8	-0.2	—
Overseas Equity Ord.	256.0	270.3	+0.2	—
Overseas Equity Init.	211.3	222.4	+0.1	—
Property Ord.	172.6	181.7	+0.1	—
Property Init.	142.0	149.5	—	—
Fixed Interest Ord.	170.7	179.7	+0.3	—
Fixed Interest Init.	140.4	147.8	+0.2	—
Deposit Ord.	136.3	143.5	+0.1	—
Deposit Init.	112.1	118.0	—	—
Pension Funds				
Managed Ord.	346.5	364.7	+0.6	—
Managed Init.	285.1	300.1	+0.4	—
Equity Ord.	503.3	529.0	+1.4	—
Equity Init.	414.1	435.9	+1.1	—
Pen Ind Lkd Gilt Ord.	133.3	140.3	+0.1	—
Pen Ind Lkd Gilt Init.	114.6	120.6	-0.2	—
Overseas Equity Ord.	291.3	306.6	+0.1	—
Overseas Equity Init.	239.7	252.3	+0.1	—
Property Ord.	202.4	213.1	—	—
Property Init.	166.5	175.3	—	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or -	Yield Int.	Red.

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

1988 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
44	41	Consols 4pc	43		9.21	—
39	37	War Loan 3½pc‡‡	38		9.02	—
62	48	Conv. 3½pc '61 Aft	59½		5.87	—
33	30	Treas. 3pc '66 Aft	32		9.28	—
28	26	Consols 2½pc	27		9.17	—
28	26½	Treas. 2½pc	27		9.17	—

Index-Linked

1988 High	Low	Stock (b)	Price £	+ or -	(1)	(2)
122	117½	Treas 2pc IL '90(84.6)	122	-½	1.05	5.10
103	99	Do. 2pc '92‡‡(97.8)	102		2.70	3.49
96	92½	Do. 2 '94 (102.9)	94		3.08	3.57
139	127	Do. 2pc '96(67.9)	137		3.24	3.60
114	103	Do 2½pc '01(78.3)	114		3.72	3.97
111	101	Do. 2½pc '03(78.8)	111		3.76	3.98
114	102½	Do. 2pc '06(69.5)	113		3.78	3.96
106	95	Do. 2½pc '09(78.8)	105		3.78	3.95
110	99	Do. 2½pc '11(74.6)	109		3.79	3.95
91	82	Do. 2½pc '13(89.2)	91		3.76	3.91
98	88	Do. 2½pc '16(81.6)	98		3.74	3.89
96	87	Do. 2½pc '20(83.0)	95		3.71	3.85
81½	73	Do. 2½pc '24‡‡(97.7)	80		3.67	3.79

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1988:103.3 and for August 1988:107.9

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
45	33	Greek 7pc Ass.	45		5.50	f7.78
45	33	Do. 6pc 28 Stb. Ass.	45		3	f6.67
45	33	Do 4pc Mixed Ass.	46		2	f4.44
77	63	Hung. '24 Ass.	77		2.75	f3.57
140	128	Hydro Quebec 15pc 2011	135		15.00	10.74
128	118	Iceland 14½pc Ln 2016	128		14.50	11.15
101	94½	Ireland 9¾pc '91-96	97		9.75	10.25

AMERICANS

1988 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
29½	22¼	Abbott Laboratories	28	-¼	$1.20	—	2.5
649p	405p	Allegheny & W 1c	414p	+1	30c	—	4.2
14	862p	Amax $1	11		020c	—	1.0
15	8	Amdahl 5c	11		10c	—	0.5
31	22	Amer. Cyanamid $5	28		$1.20	—	2.5
17	11	Amer. Express 60c	16		76c	—	2.7
10	668p	Amer. Medical Int. $1	10		72c	—	4.1
17	13	American T. & T. $1	15		$1.20	—	4.6
56½	44	Ameritech $1	55		$5.40	—	5.8
28	16½	Amfac	27		—	—	—
19	13	Anheuser-Busch $1	19		60c	—	1.8
987p	360p	BankAmerica $1	962p	+12	—	—	—
24	16	Bankers N.Y. $1	23		$1.86	—	4.7
43	34	Bell Atlantic $1	41		$4.08	—	5.7
25	19	BellSouth Corp.	24		$2.36	—	5.7
15	850p	Bethlehem Steel $8	12		—	—	—
13	801p	Bio-Rad Labs. Inc. 'A'	12		—	—	—
23	13	Bowater Inc.	17		92c	—	3.1
16	11	Browning-Ferris Ind.	16		48c	—	1.7
13	787p	Brunswick 75c	11		44c	—	2.2
31	21	CPC Intnl. 25c	29		$1.44	—	2.8
18	13	CSX $1	17		$1.24	—	4.1
16	11	CalFed Inc $1	11		$1.40	—	6.4
18	12	Campbell Soup 15c	17		84c	—	2.8
39	31	Caterpillar Inc $1	33		75c	—	1.3
18	11	Chase Manhattan $12½	17		$2.16	—	7.1
19	11	Chem. Banking Corpn.	18		$2.72	—	0.5
15	11	Chrysler $6¼	15		$1.00	—	4.2
15	9	Citicorp $1	15		$1.48	—	5.7
297p	168p	CityFed Fin. Corp.	182p	-2	4c	—	1.3
27	20	Colgate-Palmolive $1	26		$1.48	—	3.3
19	13½	Cons Freightways 62½c	19		98c	—	2.9
350p	134p	Conti Illinois Corp $1	312p		8c	—	1.5
14p	7p	Cont. Illinois Hldgs $1	7		—	—	—
426p	117p	Corporate Data Scnc.	420p	+1	—	—	—
510p	300p	Cullinet Sftwr 1c	354p	+7	—	—	—
22	17	Dana Corp. $1	21		$1.52	—	4.3
15	10	Data General	11		—	—	—
140p	44p	Derma-Lock Med.	106p		—	—	—

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention fears hold dollar

THE DOLLAR finished slightly firmer in currency markets yesterday, but trading volume was restricted by proximity of the month, quarter and financial half-year end. The US unit retained a bullish undertone, but fears of central bank interventioo perauaded most short-term investors to remain on the sidelines.

The West German Bundesbank was seen asking for quotations in Hong Kong and Singapore, before the start of business in Europe, and although there was no sign of actual intervention, traders suggested that central banks are likely to intervene when the dollar starts to approach the DM1.8850-1.8900 range.

Despite concern about intervention, the dollar managed to edge a little firmer during the day. Investors appeared keen to huy the dollar, hut were looking for a good excuse, and this was provided by news that the Soviet Communist Party is holding an emergency meeting of the central committee in Moscow today. This prompted a oervous 'flight to quality reactioo' amid rumours of policy differences within the Kremlin.

The dollar edged up to a high of DM1.8845, but failed to sustain this level. It finished at DM1.8820, still up from DM1.8780 oo Wednesday. It was also higher against the Japanese yen at Y134.35 from Y134.20. Elsewhere it finished at SFr1.5930 from SFr1.5900 and FFr6.4050 compared with FFr6.3925. On Bank of England figures, the dollar's exchange rate index was unchanged at 99.7.

Sterling retrested from a firmer opening to finish unchanged on the day. Its exchange rate index opened at 76.0, but finished at 75.8, the same as Wednesday's close. Profit taking at the day's highs accounted for the turnaround. Early trading had been influenced by a statement from Mr Nigel Lawson, UK Chancellor of the Exchequer, which helped to smooth market fears about the UK trade deficit, and rising inflation.

However, investors were not slow to take profits, as sterling moved above DM3.1700 against the D-Mark, and the pound came back to finish unchanged from Wednesday's close at DM3.1675. It was slightly down against the yeo at Y226.00 from Y226.25 and $1.6825 compared with $1.6865. Elsewhere it finished st SFr2.6800 from SFr2.6825 and FFr10.7775 against FFr10.7800.

The D-Mark opened on a softer note against the yen at Y71.37, down from Y71.43 last night. Many forecasters expect the West German unit to test support at Y71.20, and if this is broken, also at Y71.00.

Dealers suggest that chart levels point to a continuation of the yen's medium term improvement, and with the dollar currently restricted by central bank intervention, whether real or threatened, investors' attention is likely to switch more into the yen/D-Mark sector.

During the afternoon, the D-Mark slipped to Y71.30, before recovering slightly at the close to Y71.39.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept.29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4932	+2.44	+0.95	±1.5344
Danish Krone	7.85212	7.96365	+1.42	-0.87	±1.5404
German D-Mark	2.05853	2.07552	+0.83	-0.66	±1.0981
French Franc	6.90403	7.06434	+2.32	-0.83	±1.3674
Dutch Guilder	2.31943	2.33931	+0.86	-0.63	±1.5012
Irish Punt	0.768411	0.773765	+0.70	-0.79	±1.6684
Italian Lira	1483.58	1546.63	+4.25	+3.33	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Sept.29	Latest	Previous Close
£ Spot	1.6810-1.6820	1.6895-1.6905
1 month	0.47-0.46pm	0.46-0.45pm
3 months	1.28-1.26pm	1.34-1.32pm
12 months	3.90-3.93pm	4.30-4.25pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sept.29	Previous
[illegible]	[illegible]	[illegible]

POUND SPOT- FORWARD AGAINST THE POUND

Sept.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6810 - 1.6870	1.6820 - 1.6830	0.47-0.44cpm	3.25	1.27-1.22pm	2.96
Canada	2.0450 - 2.0580	2.0470 - 2.0480	0.28-0.17cpm	1.32	0.58-0.41pm	0.97
Netherlands	3.56½ - 3.57¼	3.56½ - 3.57½	2-1¾cpm	6.30	5¾-5¼pm	5.88
Belgium	66.25 - 66.50	66.30 - 66.40	30-19cpm	4.43	74-59pm	4.01
Denmark	12.13¾ - 12.16	12.14¾ - 12.15¾	4¾-4oreqm	4.26	10¾-9⅞pm	3.40
Ireland	1.1790 - 1.1810	1.1795 - 1.1805	0.44-0.39pm	4.22	1.27-1.14pm	4.08
W. Germany	3.16½ - 3.17¼	3.16½ - 3.17	1⅞-1⅝pfpm	6.63	5¼-5pm	6.47
Portugal	260.20 - 261.60	260.20 - 261.20	17-58cdis	-1.73	95-190dis	-2.19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 67.10-67.20. Six-month forward dollar 2.37-2.32pm 12 months 4.00-3.90pm

CURRENCY RATES

Sept.29	Bank rate %	Special* Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*All SDR rates are for Sept.28

CURRENCY MOVEMENTS

Sept.29	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes, average 1980-1982=100 Bank of England Index (Base Average 1975=100) Rates are for Sept.28.

OTHER CURRENCIES

Sept.29	£	$
[illegible]	[illegible]	[illegible]
Malaysia	4.4935 - 4.5045	2.6730 - 2.6750
Mexico	3842.85 - 3857.45	2284.00 - 2292.00
N. Zealand	2.7340 - 2.7390	1.6205 - 1.6230
Saudi Ar.	6.3090 - 6.3150	3.7500 - 3.7510
Singapore	3.4300 - 3.4360	2.0390 - 2.0410
S. Af (Cm)	4.1705 - 4.1815	2.4855 - 2.4870
S. Af (Fn)	6.5990 - 6.7315	3.9215 - 4.0000
Taiwan	48.70 - 48.95	28.90 - 29.00
U.A.E.	6.1785 - 6.1845	3.6725 - 3.6735

*Selling rate

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Sept.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.85-39.95.

EURO-CURRENCY INTEREST RATES

Sept.29	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 9⅛-9⅞ per cent; three years 9⅝-9⅞ per cent; four years 9⅞-9⅞ per cent; five years 9⅞-9⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sept.29	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr	0.373	0.628	1.182	84.33	4.022	1	[illegible]	[illegible]	[illegible]	[illegible]
H Fl	0.280	0.471	0.887	63.31	3.020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.424	0.713	1.343	95.80	4.570	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.488	0.822	1.547	110.4	5.264	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr	1.507	2.537	4.775	340.6	16.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Active start for German bonds

WEST GERMAN Government bond futures were active on their first trading day on Liffe. Total volume was around 9,000 contracts, with most attention focused on December delivery.

The December contract traded over 7,000 lots, but this may have been partly the result of strong enthusiasm on the first day of trading. Dealers are looking for regular daily volume to settle at between 2,000 and 5,000 contracts after two or three months.

This will be a considerable improvement over the Japanese Government bond however, which recorded 416 trades yesterday, the highest volume this week.

December German Government bonds opened at 95.25, and touched a peak of 95.39, before closing at 95.35.

Short sterling futures opened firm at 88.35 for December delivery, boosted by a stronger pound, and lower cash market rates. This proved to be near the day's high however, and the contract closed at 88.33, compared with 88.24 on Wednesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Oct	Calls-settlements Nov	Puts-settlements Oct	Puts-settlements Nov
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike Price	Calls-settlements Oct	Calls-settlements Nov	Puts-settlements Oct	Puts-settlements Nov
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EURODOLLAR OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE SHORT STERLING

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
1.600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.625	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.675	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.700	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.725	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.750	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

Strike Price	Calls-settlements			Puts-settlements		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

	Close	High	Low	Prev.
20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7-10 YEAR 9% NOTIONAL GILT				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6% NOTIONAL LONG TERM JAPANESE GOVT. BOND				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
THREE MONTH STERLING				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 INDEX £25 per full index point				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
THREE MONTH EURODOLLAR				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US TREASURY BONDS 8%				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6% NOTIONAL GERMAN GOVT. BOND				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
POUND-$ (FOREIGN EXCHANGE)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM-STERLING				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

	Latest	High	Low	Prev.
U.S. TREASURY BONDS (CBT) 8%				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPANESE YEN (IMM)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK (IMM)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. TREASURY BILLS (IMM)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
THREE-MONTH EURODOLLAR (IMM)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWISS FRANC (IMM)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STANDARD & POORS 500 INDEX				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Vol	Last	Vol	Last	Vol	Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 30,000

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%
[illegible]	[illegible]

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 5.22% Sureslo-8.47%. Top Tier-£10,000+ instant access 11.06% & Mortgage base rate. § Demand deposit 7%. Mortgage 12.375% - 12.75%.

MONEY MARKETS

London rates ease

A FIRM pound, and fading fears of higher UK bank base rates, led to a decline of interest rates on the London money market yesterday. Three-month interbank fell to 11⅞-11¾ p.c. from 12-11⅞ p.c.

According to the weekly bank return, from the Bank of England, notes in circulation were 8.8 p.c. higher than a year ago. This compares with 9.4 p.c. in the third week and 10.0 p.c. in the second week of September.

Economists are watching the weekly bank return, for early guidance on M0 monetary growth, and the possible rate of inflation. Notes in circulation form about 85 p.c. of M0 money supply.

The Bank of England initially forecast a flat credit position on the London money market yesterday, hut revised this to a surplus of £150m at noon.

The authorities did not operate in the market before lunch, but in the afterooon sold £152m Treasury bills, due tomorrow, at 11⅞-11¾ p.c.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £82m, with a rise in the note circulation absorbing £50m. These factors were offset by Exchequer transactions adding £110m to liquidity, and bank balances above target of £20m.

In New York the US Federal Reserve added reserves to the banking system, via overnight repurchase agreements, when Federal Funds were trading at 8⅛ p.c.. The injection was to offset the impact of high and rising Treasury balances at the Fed, which have drained reserves from the banking system.

In Frankfurt call money fell sharply as banks found themselves better supplied with liquidity than expected at the end of the month.

At one time call money touched 3.50 p.c., encouraging banks to huy three-day Treasury hills from the Bundesbank. Three-day hills are offered to the market at 3.50 p.c., to serve as an effective floor for call money.

The Bundesbank withdrew the money it had aupplied last Friday, via lending from from state-owned banks, hut this had no significant impact.

A shortage of credit was expected, because of large tax payments, but funds flowed back into the banking aystem from the redeposit of pension payments.

Banks' reserves at the Bundesbank rose to DM53.4bn on Tuesday, from DM49.2bn on Monday, producing an average of DM55.1bn for the first 27 daye of the month. This is above the average requirement of DM54.4bn set by the Bundesbank for the whole month.

UK clearing bank base lending rate 12 per cent from August 25 & 26

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept.29)	3 months US dollars	6 months US Dollars
	bid 8⅝ offer 8¾	bid 8⅞ offer 9

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	10	[illegible]	[illegible]
Broker loan rate	9¼-9½	[illegible]	[illegible]
Fed.funds	[illegible]	[illegible]	[illegible]
Fed funds at intervention	8¼	[illegible]	[illegible]

Sept.29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Sept.29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent. Treasury Bills: Average tender rate of discount [illegible] p.c. ECGD Fixed Rate Sterling Export Finance. Make up day Sept.30, 1988. Agreed rates for period October 26, 1988 to November 25, 1988, Scheme I: [illegible] p.c. Schemes II & III: [illegible] p.c. Reference rate for period Sept.1, 1988 to Sept.30, 1988, Scheme IV & V: 12.234 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from September 1, 1988: Bank Deposit Rates for sums at seven days notice 3.75 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent. Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

New Issues — September 29, 1988

Federal Farm Credit Banks Consolidated Systemwide Bonds

8.15% $593,000,000
CUSIP NO. 313311 SE 3 — DUE JANUARY 3, 1989

8.45% $1,075,000,000
CUSIP NO. 313311 SL 7 — DUE APRIL 3, 1989

Interest on the above issues payable at maturity

8.65% $500,000,000
CUSIP NO. 313311 TF 9 — DUE OCTOBER 2, 1989

Interest on the above issue payable April 2, 1989, and at maturity

8.80% $510,000,000
CUSIP NO. 313311 TG 7 — DUE OCTOBER 1, 1990

Interest on the above issue payable April 1, 1989, and semiannually thereafter

Dated October 3, 1988 — Price 100%

The Bonds are the joint and several obligations of the Banks of the Farm Credit System and are issued under the authority of the Farm Credit Act of 1971. **The Bonds are not obligations of and are not guaranteed by the United States Government.**

Additional information may be obtained upon request through the Funding Corporation.

Bonds are Available in Book-Entry Form Only.

Federal Farm Credit Banks Funding Corporation
90 William Street, New York, N.Y. 10038
(212) 908-9400

The Farm Credit System

This announcement appears as a matter of record only.

هكذا من الأصل

LONDON STOCK EXCHANGE

Special situations dominate market

IT WAS a day of bid speculation in London yesterday, with leading blue chip issues recording only moderate turnover until Wall Street opened firmly, while a host of special issues dominated trading throughout the session.

Share volume through the Seaq system, at 562m shares against Wednesday's 418.3m, was the highest for several weeks. Speculative interest inspired turnover of 22m shares in Allied-Lyons, 2.8m in Grand Metropolitan and 5.6m in Cadbury Schweppes, contrasting sharply with only 910,000 in ICI and 2.2m in Unilever.

The equity market continued to digest this week's disclosure of another heavy UK trade deficit in August without obvious strain. A steady trend in sterling helped cool lingering fears of further upward pressure on domestic interest rates.

In late trading, oil shares came alight as BP stock was bought heavily on hopes of news today that the UK authorities will allow the Kuwait Investment Office to hold on to most of its 22 per cent stake. Speculative oils hit a "cyclone" of demand, as the market awaited news from the auction of LASMO's stake in Enterprise.

The FT-SE Index closed with renewed vigour after faltering at mid-session. At its final reading, the index was 16.5 up at 1829.

Allied-Lyons dominated the consumer sector ahead of the confirmation, after market hours, that Bond Corporation has been the mystery buyer of the shares. Allied are likely to open lower this morning, on disappointment at the absence of a bid move.

The Allied drama was but one of several acted out in the market place. Consolidated Gold Fields advanced to £13¼, as investors looked for an early consummation of Minorco's bid. Sharing the mining spotlight was Charter Consolidated, in which Minorco holds 36 per cent. County NatWest reminded clients that if the *Gold Fields bid represents a* major reshuffling of the De Beers – Anglo American pack, then Charter could be vulnerable to the same fate as Gold Fields.

The disclosure that Grand Metropolitan is in discussions with the Saison group of Japan regarding the sale of the Inter-Continental Hotels subsidiary, for which Grand Met expects to net £1.5bn, set light to some other consumer stocks *regarded as possible targets for* a Grand Met bid — Cadbury Schweppes was the most prominent.

However, not everyone in the City is concentrating on the increasingly speculative *flavour of the stock market.* "It's true that equities look attractive at present measured against Gilt returns", commented Fleming Securities; "but the pound could be looking very weak within a few months".

Account Dealing Dates		
*First Dealings:		
Sep 19	Oct 3	Oct 17
Option Declarations:		
Sep 29	Oct 13	Oct 27
Last Dealings:		
Sep 30	Oct 14	Oct 28
Account Day:		
Oct 10	Oct 24	Nov 7

*New time dealings may take place from 8.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	Sep 29	Sep 28	Sep 27	Sep 26	Sep 23	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	88.31	87.80	87.78	87.30	87.16	85.72	91.43 (18/4)	86.28 (2/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.42	95.36	95.36	95.10	95.21	91.84	98.67 (23/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1477.6	1466.4	1459.1	1448.5	1446.8	1860.9	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	172.4	170.6	168.2	164.0	164.6	444.9	312.5 (7/1)	162.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.68	4.72	4.75	4.78	4.77	3.18				
Earning Yld %(full)	11.51	11.91	11.97	12.05	11.98	7.72				
P/E Ratio(Net)(*)	10.36	10.17	10.12	10.05	10.12	15.86				
SEAQ Bargains(5pm)	25,176	23,112	22,749	19,578	20,372	37,966				
Equity Turnover(£m)†	-	890.64	927.23	735.58	904.57	1166.02				
Equity Bargains†	-	22,031	21,743	20,916	20,898	43,529				
Shares Traded (ml)†	-	335.5	348.1	271.7	305.7	622.7				

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1469.4	1474.8	1475.4	1475.3	1473.8	1473.6	1474.0	1477.7

DAY'S HIGH 1478.6 DAY'S LOW 1469.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 10.18 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Sep 28	Sep 27
Gilt Edged Bargains	120.4	136.4
Equity Bargains	143.1	140.9
Equity Value	1800.2	1874.2
5 - Day average		
Gilt Edged Bargains	105.6	99.5
Equity Bargains	139.5	139.7
Equity Value	1830.4	1936.6

● London Report and latest Share Index: Tel. 0898 123001

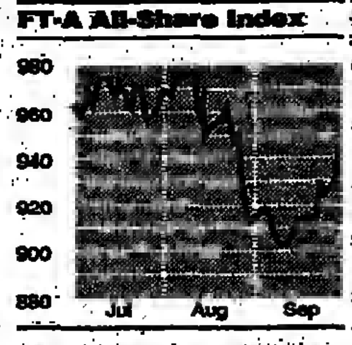
Bond's holding unveiled

Bond Corporation is now the owner of some 11.08 per cent of Allied-Lyons. Late yesterday, the latter confirmed that the Australian group had increased its stake from 7 per cent without explanation, and that the holding was now regarded as unfriendly. Speculation has persisted since Friday of a stakebuilding operation and Allied shares have risen strongly. After-hours yesterday, however, they were less frothy, trading on the basis of 455p-460p compared with the earlier official close of 469p.

Two further large deals in Allied shares, one of 9m and another of 3.8m at the a common price of 468p, had earlier re-directed attention towards Smith New Court, the London trading house, leading the activity. Smith would not furnish any clue to the identity of the buyer but Allied shares prospered further amid speculation that a development was imminent.

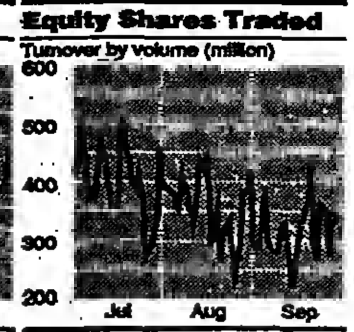
Citicorp Scrimgeour Vickers' research team of Colin Humphreys and Ian Shackleton published yesterday its verdict on Allied. They describe the group as a "superstore of assets" and undervalued businesses, but re-iterate their view that an immediate bid from Mr Alan Bond is unlikely. If Allied, however, fail to show good earnings growth over the next couple of years, Mr Bond could then have a crack at the group, they say.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Gas switched-on

British Gas shares celebrated their listing on the Tokyo Stock Exchange – they are the 100th overseas group to gain entry to that market – with an 3¾ gain to 172p. Turnover was 4.4m.

The stock was additionally boosted yesterday by a "switch British Telecom into British Gas" recommendation issued jointly by Patrick Wellington and Nick Antill of County NatWest WoodMac.

The County duo say: "In the comparison of these two utility stocks, Gas comes out as significantly cheaper on yield and p/e grounds and the stock is close to its historic relative low against BT".

County forecasts earnings growth of Gas over the next two years at +12 per cent followed by +14.5 per cent. Earnings growth at Telecom is expected to be +13 per cent followed by +9 per cent.

The securities house expects dividend at Gas in the two years to be + 9 per cent and +16 per cent while that of Telecom to be +10.5 per cent and +9.5 per cent. Telecom is trading on a prospective p/e of 9.1 times and yield of 5.8 per cent against a p/e of only 7.7 times and yield of 7.5 per cent for Gas.

T.Rentals demand

Telephone Rentals(TR), where Cable & Wireless(C&W) are bidding 305p a share, made further strong progress on buying generated by Press comment suggesting that C & W will have to increase their offer to at least 375p a share to win agreement from the Telephone Rentals board.

The shares touched 346p before coming off the top to close a net 9 higher at 344p, after turnover of 2.9m. Prolific Unit Trust Managers announced yesterday they had increased their holding in TR to 5.76 per cent while C & W revealed they had upped their stake to 2.2 per cent.

C & W shares were among the best performers in a very firm electronics/telecoms markets, still helped by the recent batch of bullish recommendations from stockbrokers analysts; they closed a net 7 higher at 394p, following turnover of around 3m shares.

The whole of the oil and gas sector staged a strong advance late in the session despite the weak showing of crude oil prices which were down around 35 cents a barrel during the afternoon.

BP were particularly active and rose strongly amid market rumours that the Kuwait Investment Office stake in BP, around 22 per cent, would be allowed to stand, thereby removing the major cloud that has hung over the the oil sector since the referral. BP "old" shares, where turnover expanded to 6m shares, settled 4 higher at 246p, and the "new" 5 up at 146½p on turnover of 7.3m; several of the leading marketmakers were said to have been bidding aggressively for stock, while there was also keen interest in the options market.

Enterprise Oil surged ahead to close 48 higher at 695p, after touching 700p, with the story here suggesting that there have been at least two tender offers of around 800p a share for the 25.4 per cent stake put up for auction by LASMO. The latter's shares mirrored the overall buoyancy of the sector and pushed up 31 to 570p; the results of the auction are expected around October 7.

Ultramar, one of the best performers in oils over the past few days, spurted a further 18 to 269p with the "new" shares racing up to close 17 higher at 62p. The stake-building stories surrounding the stock all week were put up again yesterday.

Glaxo made most of the running in what was described as another "good day" in the international stocks. Volume built up in the shares as US buyers showed a keen interest, leaving the price 24 higher at 1064p after a turnover of some 2m. Activity tailed off a little in ICI (just under 1m changed hands) but with buyers still predominating, the shares improved afresh to close 11 to the good at 1037p. Wellcome nudged a little better to 507p, while Reckitt and Colman also attracted fresh demand at 881p, up 5. Fisons remained a firm market at 251p, up 6, in anticipation of a meeting next week with the US Federal authorities to gain acceptance of its anit-Aids drug Pentamidine. One source, however, believes it is premature to expect Federal acceptance at this stage.

Two of the major Overseas Traders rebounded sharply. First was Harrisons & Crosfield which shot 29 higher to 668p on speculation that the group was planning to sell its plantation interests and use the proceeds for UK expansion. Marketmakers played down the stories, saying the demand was more likely from investors hoping for good interim results next Wednesday.

Inchcape was the other stock to appeal. A follow-through of overnight business – some trades were fairly sizeable – found the market short of supplies and the shares raced 12½ higher to 212½p. The better tone of the wider market has awakened investors to recent recommendations from several broking houses, said dealers.

Lonrho volume was distorted by a marketmakers input mistake. A deal of 500,000 shares was erroneously recorded as 5m and owing to the system's inability to correct the running total the Seaq screen showed turnover at 10m instead of 5.5m shares. Lonrho settled slightly easier 345p.

The clearing banks staged another major advance in active trading – "there has been big buying of the sector on the back of a number of recently issued bullish brokers circulars, and there is talk of more in the pipeline" said one dealer. It was also pointed out that the market is expecting encouraging news on the third world debt front.

The biggest turnover (5.1m) was in Midland, ironically one of the sluggish performers in banks. The shares held at 430p after two single trades of 1.9m shares at 428p and 1.5m at 430p. Lloyds jumped 11 to 321p on turnover of 3.9m.

Merchant banks raced higher for much of the day but turned easier at the very end of the trading session. Morgan Grenfell continued to spearhead the upturn amid talk that the bank may be a possible target for Deutsche Bank, which already has a near 5 per cent stake; the West German bank announced it had acquired a 50 per cent stake in Australian securities house Bain & Company, on Wednesday.

Sun Life were again an erratic market, with the shares slumping to 935p at one point before closing a net 29 lower at 985p; the results of the protracted egm were not known as the market closed.

Shares in Mountleigh, the property group, which have languished around the year's low point for some while amid concern about the health of Mr Tony Clegg, chairman and chief executive of the company, moved to the forefront in the early dealings, rising to 143p before settling up 7 on the day at 142p.

Talk of a possible change in management and vague takeover suggestions were behind the initial flurry of activity. Mountleigh, however, subsequently stated that Mr Tony Clegg is recovering well from his recent operation and will be resuming his executive responsibilities in the very near future.

Among the current speculative favourites, takeover talk persisted in Metal Box, up 3 further at 259p in a turnover of around 5.5m. Reed International improved afresh to close 6½ dearer at 424p, but volume was at a low level.

Bowater, a buy recommendation with a number of investment houses, raced ahead further to 427p, up 15. Rank Organisation improved 6 more to 703p. Despite the recent recovery, BZW, the securities house, says that the Rank rating is still undemanding, especially for 1989, and recommend that the shares should be accumulated.

In the retailing sector Dixons dropped 7 to 144p after the chairman warned at the agm that trading "continues to be difficult". June to August "was not too bad" according to Mr Stanley Kalms, Dixons' chairman, but the start of September "deteriorated" with the last two weeks showing a "marked decline".

Pittard Garnar leapt another 39 to 217p despite the rejection of the bid from Strong & Fisher; the latter eased 12 to 246p.

Speculative interest in food manufacturing and kindred issues followed Grand Metropolitan's *admission* that it is talking to a Japanese group regarding the sale of Inter-Continental Hotels. Cadbury Schweppes, seen as a possible target for Grand Met, jumped 9 to 384p. S.W. Berisford at 414p gained 24p despite a comprehensive rejection by AB Foods of market rumours that it has sold its stake in Gateway in preparation for a bid for Berisford. Northern Foods, at 282½p, continued its speculative advance.

In hotels, Trusthouse Forte closed 4½p up at 269½p in brisk turnover, driven by takeover hopes that a European *consortium* is being put together to acquire the UK hotel group.

Continuing speculation of US and European stakebuilding, market stories cover both Rockwell of America and Siemens of West Germany, lifted Lucas Industries 7 further to 594p.

A Morgan Grenfell buy recommendation "for strong growth in amount and quality of earnings, with an exceptional dividend yield" boosted shares of LIT Holdings 10 to 140p. Analysts Rosemary Chalmers and Patrick Fraser suggest the stock's extremely low rating reflects general wariness of the financial sector, and concern that the futures markets may suffer restrictive controls following last year's stock market collapse. They believe that LIT will produce results which prove these fears exaggerated, and that the market rating will adjust to reflect.

Turnover in traded options was down on Wednesday's levels but remained at relatively high levels. Calls came out at 30,013 contracts and puts at 7,817 contracts giving an overall total of 378,830. The FT-SE Index contributed 4,098 calls and 1,640 puts, while Trusthouse Forte showed 5,020 calls and 275 puts. Sears, scheduled to announce interim figures next Tuesday, attracted 2,258 calls and 1,388 puts.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (67).

AMERICANS (7) US West, BANKS (3) Lloyds, Wells Fargo, BREWERS (1) Merrydown Wine, BUILDINGS (2) Cape, ELECTRICALS (6) DOT Grp., Hoskyns, Renishaw, Tele. Rentals, Thorpe (F.W.), Wholesale Ftg., ENGINEERING (3) ASW, Ransomes Sims, Vernon Inl., FOODS (1) Berisford (S.& W.), HOTELS (1) Trusthouse Forte, INDUSTRIALS (6) Avdel, Charter Cons., Johnson Cleaners, Macfarlane, Serco, INSURANCE (1) Sun Alliance, MOTORS (1) Cowie (T.), PROPERTY (2) Ests. & Gen., Frogmore Est., TRUSTS (8) Brunner Inv., Cambrian & Gen., Continental Assets, Murray Smllr. Mkts. 'B', Primadona, St. Andrew Tst., Second Market Inv., Pinchin, OILS (1) Burmah 8 'type Ln. 91-96, OVERSEAS TRADERS (1) Finlay (J.).

NEW LOWS (29).

CANADIANS (1) Sonora Gold, STORES (2) Dixons Grp., Reanes, ELECTRICALS (3) Cleanage Cons., Personal Comps., UCL Grp., FOODS (2) Acatos & Hutcheson, Banks (Sidney C.), INDUSTRIALS (7) Amer Grp., Coated Electrodes, Kenyon Secs., Pergamon Prof. & Fin. Serv., SI Grp., Shiloh, TT Grp., INSURANCE (1) Sturge Hldgs., LEISURE (1) Really Useful, PROPERTY (1) Cussins Prop., TRUSTS (1) Audly Inv., MINES (2) Beatrix Mines, McFinley Rd. Lake, THIRD MARKET (1) Pennine Optical.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	549	142	+1	Cons. Gold Fields	2,150	£13¼	+¼	Land Securities	1,200	568	+6	Rothmans	1,700	439	-4
Abbey Life	1,000	304½	-½	Cookson	634	261	+1	Laporte	150	382		Royal Bk. of Scotlan.	1,700	349	+4
Allied-Lyons	22,000	468	+4	Courtaulds	1,100	285	+3½	Legal & General	914	309		Royal Insurance	687	392	+1
Amstrad	2,800	211	-1	Dalgety	358	319	+6	Lloyds Bank	3,900	321	+11	STC	1,900	281	+1½
Argyll Group	2,100	170	-1	Dixons	2,800	144	-1	LASMO	1,900	546	+7	Saatchi & Saatchi	404	344	+4
Ass. Brit. Foods	832	319	+13	Eng. China Clays	758	494	+3	Lonrho	5,000	345	-2	Sainsbury	834	195½	-2½
BAA	4,000	365	+6	Enterprise Oil	1,800	661	+14	Lucas	2,000	594	+7	Scott & Newcastle	1,200	343	-3
BAT	1,000	437½	+½	FKI Babcock	6,500	125	+4½	MEPC	478	548	+9	Sears	3,900	135	+2
BET	567	227	+1	Fisons	2,600	251	+6	Marks & Spencer	2,000	164	+2	Shell Transport	1,100	970	+12
BICC	1,330	333	+4	Gateway Corp.	4,200	175	+5	Maxwell Comm.	2,600	182		Siebe	82	368	+3
BOC	1,000	425	+4½	General Accident	243	885	+4	Metal Box	5,730	259	+3	Slough Ests	402	304	-1
BPB Inds.	1,200	256	+5	General Elec.	3,300	158½	-1	Midland Bank	5,100	430		Smith & Nephew	2,800	119	-½
BTR	2,000	293	-1	Glaxo	2,000	£10¾	+⅜	Nat. West. Bank	974	563		Standard Chartd.	276	549	+1
Barclays	3,600	419	+8	Globe Inv	1,300	140½	+1½	Next	1,500	177		Storehouse	1,300	186	+2
Bass	228	793		Glynwed Int.	248	289	-1	Northern Foods	943	285	+12	Sun Alliance	309	£10¼	+¼
Beecham	1,600	466		Granada	812	314	+5	Pearson	319	770	+5	T&N	738	178	+4½
Blue Arrow	1,500	89½	+1	Grand Met.	2,800	504	+3	Pearl	96	471	+4	TSB	1,500	103½	+1½
Blue Circle	686	439		GUS A	255	£13¾	+½	P & O	1,200	581	+4	Tarmac	2,200	233	+1
Boots	1,700	211	+½	GRE	941	188		Pilkington	1,500	211	+1	Tate & Lyle	294	806	+3
British Airways	5,000	165	+1	GKN	407	325	-3	Plessey	5,300	160	+½	Tesco	2,300	132	
Brit. Aerospace	745	474	-5	Guinness	3,900	323	+5	Prudential	1,900	156	+½	THORN EMI	416	643	+12
Brit & Comm.	1,700	229½	+1½	Hammerson 'A'	628	629	+9	Racal	1,700	295	+1	Trafalgar House	1,900	316	+3
British Gas	4,400	172	+3½	Hanson	5,900	146	+½	Rank Org.	212	703	+6	Trusthouse Forte	9,650	269½	+4½
British Land	901	330	+6	Harrisons & Cros.	885	668	+29	RMC	515	485	+1	Ultramar	1,800	255	+11
BP	6,000	246	+4	Hawker Siddeley	319	511	-3	RHM	1,150	383	+5	Unilever	1,200	459	-2
British Telecom	3,100	243	+1½	Hillsdown Hldgs.	969	262	+½	Reckitt & Colman	134	871	+5	United Biscuits	1,900	286	+6
Burmah Oil	443	533	+4	IMI	87	200		Redland	75	416		Utd. Newspapers	2,400	396	-2
Burton	3,400	198	+2	Imp. Chem.	910	£10½	+¼	Reed International	371	424	+6½	Wellcome	777	507	+6
Cable & Wireless	2,900	394	+1	Inchcape	2,100	212½	+12½	Reuters 'B'	1,800	511	+4	Whitbread 'A'	1,000	308	
Cadbury Schweppes	5,600	384	+9	Jaguar	4,000	259	+13	RTZ	2,130	448	+10	Williams Hldgs.	211	262	+½
Coats Viyella	2,408	174	+5	Ladbroke	2,300	451	+9	Rolls Royce	2,200	131	-1	Wimpey	1,150	241	-1
Commercial Union	1,300	340½	+½									Woolworth Hldgs.	531	252	+4

APPOINTMENTS

Chairman of Ernst & Whinney

Mr Elwyn Eilledge has become chairman of ERNST & WHINNEY INTERNATIONAL, the international firm of accountants. He continues to be senior partner of the UK firm. Mr Eilledge became a partner in 1972. He moved up to managing partner of the London office in 1983 and was made senior partner of the UK firm in 1986.

Mr Elwyn Eilledge, chairman of Ernst & Whinney International.

■ WATES CONSTRUCTION (LONDON) has appointed Mr Malcolm Fairclough as marketing director.

■ Mr David H. Benson will become a non-executive director of BRITISH GAS on October 1. He is a director of Kleinwort Benson.

■ Viscount Weir, chairman of the Weir Group, has been elected the 1988/89 president of BEAMA. Mr T. Harrison, chairman of NEI, is the new deputy president.

■ Mr Peter Ellis, former managing director of Trinity Insurance Co, has joined the central insurance services division of ALEXANDER STENHOUSE UK as director-underwriting management.

■ HOLLYWOOD NITES, a division of Parkfield Group, has appointed Ms Michele Ameche as director of product development.

■ Mr Jim Davis, chairman of DFDS (UK), has been appointed the first chairman of BRITISH RAILWAYS Anglia regional board.

■ Mr Philip Dearing has been appointed general manager (subsidiary operations) for NORWICH AND PETERBOROUGH BUILDING SOCIETY. He joins from TSB England & Wales, where he was assistant to the managing director.

■ Mr John Hartley, a director of SIMON ENGINEERING, is retiring on October 14. His responsibilities for the merchanting and storage group will be taken over by Mr Peter Cook, managing director of Simon's services division.

■ Mr Adrian Sellers has been appointed sales director of SWAN HUNTER SHIPBUILDERS. He joins from GEC in Rugby.

■ Mr John Grumbar has been appointed London managing partner of EGON ZEHNDER INTERNATIONAL on November 1. He succeeds Mr Mark Weedon, who will be launching Corporate Community Consultants.

■ EGERTON TRUST has made the following changes: Mr Samuel T. Wright becomes deputy chairman whilst retaing full operational responsibility for all American activities as president of Egerton Inc. Mr Bill Esplen is made managing director-finance with responsibility for the new financial services activities *within the group, as well as* group corporate finance. Mr Nick Sanderson is appointed managing director - operations with responsibility for all UK activities (except financial services). He remains managing director of Beaumont Health Care.

■ Mr David Cohen has been appointed a non-executive director of COMBINED CAPITAL, Glasgow.

■ Mr David Mason has been appointed director of finance and administration at the INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES from October 24. He is controller, accountancy advice group, HM Treasury, and head of the *Government accountancy* service management unit.

Mr Roger N. Head will become managing director of ROBERT GLEW & CO on October 3. He was managing director of Mobile Merchandising Co.

■ Mr James R. Ferard has been appointed deputy chairman of R.K. CARVILL & CO. and chairman of its executive committee.

■ EVANS HALSHAW HOLDINGS has appointed Mr Ian Buckley, Mr Jeff van den Broek and Mr Roy Kishor, all original members of the management buy-out team in 1985, to the main board.

■ Ms Sheila Hardaway has been made an executive director of WHALE HARDAWAY CO, stock and share brokers.

DIŞBANK

Türk Dış Ticaret Bankası

Turkish Foreign Trade Bank

U.S. $ 60,000,000

Export Financing Facility

Arranged by

INTERNATIONAL FINANCE CORPORATION MORGAN GUARANTY TRUST COMPANY OF NEW YORK

U.S. $ 12,500,000

5 year tranche provided by International Finance Corporation

U.S. $ 47,500,000

57 month, 39 month and 27 month tranches provided through International Finance Corporation participations by

Lead Managers

CAIXA GERALDE DEPOSITOS PARIS BRANCH — UNION BANK OF FINLAND (FRANCE) S.A.

BAYBANK BOSTON, N.A. — CREDIT LYONNAIS

DEUTSCHE BANK LUXEMBOURG S.A. — DRESDNER (SOUHT EAST ASIA) LIMITED

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Managers

PRIVATBANKEN LIMITED — BANCA COMMERCIALE ITALIANA

BANCA CRT NEW YORK BRANCH — BANCO DI ROMA INTERNATIONAL S.A. LUXEMBOURG

BANQUE INTERNATIONALE DE COMMERCE — BAYERISCHE VEREINSBANK INTERNATIONAL SOCIETE ANONYME

BRED- BANQUE REGIONALE D' ESCOMPTE ET DE DEPOTS (PARIS) — CREDITANSTALT-BANKVEREIN

MANUFACTURERS HANOVER TRUST COMPANY — PROVINSBANKEN A/S NEW YORK BRANCH

ÖSTERREICHISCHE VOLKSBANKEN- AKTIENGESELLSCHAFT — POSTIPANKKI LTD

RABOBANK NEDERLAND — UNITED BANK OF KUWAIT PLC

BANCO TOTTA & ACORES MACAU BRANCH — SWISS VOLKSBANK

Agent

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

August, 1988

This announcement appears as a matter of record only.

LONDON SHARE SERVICE

AMERICANS – Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
27¼	22⅞	Texas Instr. $1	24½xd		72c	–	1.7
69	43¾	Time Inc $1	64	+1¼	$1.00	–	0.9
21½	15¾	Transamerica $1	20	–⅛	$1.84	–	3.2
20½	14½	TRINOVA Corp	16⅛	+¼	64c	–	2.3
19	15½	USX $1	16⅝	+⅛	$1.20	–	4.2
23½	17⅝	Utd. Technologies	23½		$1.60	–	4.0
34½	26¼	US West	34½	+¼	$3.52	–	6.1
24⅝	16⅞	Waste Management $1	23	+⅛	48c	–	1.2
16⅞	12⅞	Whirlpool $1	15	–⅛	$1.10	–	4.3
32	18¼	♦Woolworth $3½	32	+⅜	$1.64	–	3.0

CANADIANS

High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‖	201p		–	–	–
32p	11p	♦Abbot Energy Corp	14p	+¼	–	–	–
14⅛	916p	♦Amer. Barrick Res.	16⅛	+⅛	–	–	–
10p	3p	American Lightwave	8½p	+2	–	–	–
47p	11¼p	♦Armeno	11¼p		–	–	–
76p	38p	Augmitto Expln	38p		–	–	–
14½	10⅝	Bk. Montreal ‖	13¾		$2.00	–	7.1
740p	314p	Bk. Nova Scot. ‖	713pd		76c	–	5.2
18⅛	15¼	BCE ‖	17⅞		$2.44	–	6.6
716p	591p	♦Bow Valley ‖	645p		♦40c	–	3.0
13⅝	10½	♦Brascan ‖	12⅛		88c	–	3.5
328p	183p	♦Breakwater Res	183p		10c	–	2.7
12	801p	Can Imp Bank ‖	11½	–⅛	$1.16	–	4.9
11½	841p	Can. Pacific ‖	10¾xd	+¼	60c	–	2.7
41½	38½	Do. 4pc Deb £100	30½		4%	–	10.4
315p	362p	Central Capital "A" ‖	432p		–	–	–
485p	378p	♦Corona Corp	408p	+6	–	–	–
886p	298p	Cons. TVX Mic	304p	–13	–	–	–
371p	76p	Danbus Res	153p	+17	–	–	–
686p	430p	Derlan Inds	609p	+6	11.75c	–	0.9
14⅛	947p	♦Echo Bay Mines	10	+⅛	$0.07	–	0.4
40p	14p	Energex Minerals	14½p		–	–	–
125p	83p	Euro-Asia Capital Ltd	97p	+2	–	–	–
586p	222p	♦Galactic Resources	274p		–	–	–
125p	93p	♦Geodome Res	83p		–	–	–
394p	164p	Granges Expln ‖	202p	+10	–	–	–
17p	7p	♦Gt Pacific Res	7½p		–	–	–
903p	652p	♦Gulf Canada ‖	742p	–13	52c	–	3.4
12⅛	816p	♦Hawker Sid Can ‖	10¼		$1.08	–	4.9
590p	344p	Henlys Group	481p		–	–	–
957p	785p	♦Hudson's Bay ‖	922p		60c	–	3.2
28	22⅝	♦Imperial Oil ‖	24⅛	–⅛	$1.80	–	3.5
20⅞	10⅛	Inco ‖	16¼	–⅛	US$0.30	–	2.9
719p	462p	♦Inland Nat. Gas $1	609p	+18	60c	–	4.8
250p	138p	Madeleine Mines	149p	+3	–	–	–
207p	126p	♦Muscocho Expln.	192p		–	–	–
187p	65p	♦Natl Business Syst. ‖	74p		–	–	–
245p	110p	♦Nevada Goldfields	158p	–3	–	–	–
13	787p	♦Rio Algom	10¾		$1.30	–	6.1
16⅞	11½	Royal Bk. Can ‖	16⅝		$2.08	–	6.1
34⅛	26⅝	Seagram ‖	32½	+¼	US$1.20	–	2.2
361p	135p	♦Sonora Gold Corp ‖	135p	–4	–	–	–
121p	18p	Spiral Eng	49p		–	–	–
150p	35p	Tam Pure Tech. Corp ‖	122p	–2	–	–	–
17½	11⅛	Toronto-Dom. Bk ‖	17⅛	–¼	$1.12	–	3.2
684p	566p	♦Trans Can Pipe	645p	+6	68c	–	3.1
205p	127p	Varity Corp ‖	158p	–8	B–	–	–

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
253	124	ANZ $A1	245		†021c	3.1	4.1	7.8
261	180	Allied Irish	248	+7	Q72.9%	3.1	6.2	8.5
£13½	£10⅞	Algemene Fl 10	£11⅞	+⅛	Q27%	1.9	6.4	–
73	58	Anglo Irish	65		Q1969%	1.2	6.3	20.3
90	64	Ansbacher (H.) 1p	84		2.0	–	3.2	–
£40½	£24⅝	Banco de Bilbao S.A.	135½	–¼	Q67.2%	3.1	4.6	6.8
£35⅝	£27¾	Banco de Santander	£31	–¼	Q22%	2.4	1.7	24.3
268	184	Bank Ireland IrE1	242	+6	Q15.67%	3.3	5.4	7.3
£18½	£15	Bank Leumi	£18½					

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	71	......
Craig & Rose £1... y	690	......
Finlay Pkg. 5p.... y	86	......
Holt (Jos) 25p.... y	£31½	......

IRISH

Cap. 8½% Ln. 1991...	£98½	+¼
9pc Cap Ln. 1996...	£100¾	......
Fin. 13% 97/02...	£121½	−7¾
Arnotts............ y	388	−12
Carrol Inds........ y	159	......
Grafton Grp........ y	130	......
Hall (R. & H.)......	165	......
Helton Hldgs....... y	57	+7
Irish Ropes........ y	163	+28

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	36
Amstrad	16
BAT	36
BOC Grp.	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	21
Cadburys	32
Charter Cons.	38
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds.	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk	52
P & O Dfd.	52
Plessey	16
Polly Peck	30
Racal Elect.	32
RHM	30
Rank Org Ord.	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	68
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property	
Brit Land	38
Land Securities	52
MEPC	52
Peachey	50

Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines	
Cons Gold	95
Lonrho	28
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

COMMODITIES AND AGRICULTURE

Philippines to tackle coconut aflatoxin

By Richard Gourlay in Manila

THE PHILIPPINES coconnt industry yesterday launched an information drive to persuade growers to rednce levels of cancer-inducing moulds in copra meal, which are threatening sales to the EC, its only export market.

The campaign points ont how poor post-harvest handling of coconut products leads to high aflatoxin mould levels and growing reluctance among baby food manufacturers, particularly in West Germany, to deal with farmers who feed their cattle with copra meal cake.

The Philippines exports all its copra meal, worth $75m in 1987, to the EC and 70 per cent of it to West Germany.

San Miguel Corporation, the powerful heer-hased conglomerate with coconut milling interests, will lead the private sector information drive with local radio advertising and its countrywide marketing network in an effort to rsach tha 18m Filipinos dependent on coconuts.

Behind the publicity fanfare is an increased, if helated, effort to reduce aflatoxin levels significantly below EC maximums which are due to come into effect in December.

The Agriculture Department is now considering quarantining moist copra meal delivered to mills to prevent contamination of acceptable produce, Mr Jose Romero, the Philippine Coconot Authority chairman said yesterday.

With ths help of improved laboratory equipmeot, supplied through British aid, and testing stations in outlying areas the Government also hopes to isolate the trouble spots like the humid areas in the southern island of Mindanao. The PCA has started to distribute eimple kiln-dryers to remove the moisture on which the aflatoxin flourishes hut some industry officials say efforts to improve post-harvest handling are too little, too late.

In December an EC standard comes into effect banning the import of copra meal with more than 200 parts of aflatoxin per billion. While Mr Romero and the industry feel confident that most Philippine copra meal currently meets this level, West German traders, under presure from end-users, are pressing for tighter controls – a maximum level of 50 parts per billion.

A West German Embassy official in Manila said that while there was as yet no draft to make German regulations tougher tban the rest of Europe, the Ministry of Health was "still considering lower levels" of aflatoxin.

LME to set up Japanese warehouses next year

By Kenneth Gooding, Mining Correspondent

THE LONDON Metal Exchange expects to set up its first warehouses in Japan next year and tbe first shipments of aluminium should be delivered to them hy July 20, Mr Christopher Green, the exchange's chairman, revealed yesterday.

He also said it was possible that an LME authorised warehonse for nickel as well as aluminium might be set up in the US before then.

The introduction of warehouses nearer major users of aluminium in Japan and the US and the coming change in the aluminium contract from standard to the more widely produced high grade should make the market mnch more liquid and reduce aluminium prics volatility, Mr Green predicted.

Thie should widsn the appeal of the LME contract for the indnstry as a whole, he said.

Tha exchange hoped its prices would be more widely used as a benchmark by alnmininm producers and begin to match the influence of the copper contract on world prices.

A more liquid and less volatile market would also make it less prone to being squeezed in the way that it was last June, when there was a shortage of aluminium available for immediate delivery and some companies were forced to pay more than £100 a tonne to horrow metal (sell forward and buy cash) for one day.

Mr Green insisted that the squeeze had not dona mnch damage to the LME's reputation and that the exchanges board had been right not to intervene.

He personally believed that the rumours about the huge profits made out of the squeeze were grossly exaggerated, although he did not doubt that some people suffered some damage.

Mr Green was speaking at a ceremony to mark the 10th anniversary of aluminium trading on the LME. He recalled that the contract had been launched in the face of considerabla opposition from the major producers but "today it is vying with copper to become the most successful contract traded on the exchange."

Ha predicted that the phasing out of the current standard aluminium contract (of 99.5 per cent purity) on December 21 in favour of the high grade (99.7 per cent pure) contract would go relatively smoothly although there might be some bumpy moments.

High grade aluminium for delivery in three months fell to $2,080 a tonne at one stage yesterday, the lowest level for five and a half months. Bnt it recovered to end at $2,107, down $30.50 on the day. Cash high grade fell by $35 to $2,135 a tonne. The standard aluminium cash price dropped hy £32.50 to £1,237.50.

Row over Indonesian project continues

By John Murray Brown in Jakarta

INDONESIA HAS agreed to allow two aluminium shipments totalling 22,000 tonnes to leave for Japan, while officials try to resolve the continuing dispute over the Y411hn (£1.8bn) Asahan joint venture project.

A unilateral decision last month by the Indonesian partners to stop shipments from the north Sumatran smelter was strongly criticised by Japanese trade officials. Executives from Nippon Asahan Aluminium Company - a consortium of 12 Japanese smelting companies left Jakarta this week apparently without reaching agreement.

Indonesia is calling for an increased share of tha production as it bids to satisfy growing domestic demand in its own fabrication industries.

Power is the single largest cost component in aluminium smelting and Indonesia feels its contribution in this area is inadequately reflected in the current output split, under which Indonesia takes 41 per cent of the 225,000 tonnes produced hy the plant annually.

Japanese officials point out, however, that the original master agreement puts a ceiling on Indonesian offtake at a third of production or 75,000 tonnes.

The project underwent a major corporate restructuring last year with Japan's Overseas Economic Co-operation Fund agreeing a Y24bn cash injection to help ease the project's debt burden. The appreciation of the Yen is estimated to have doubled the dollar value of the project's borrowings since it was launched in the 1970s, officials say.

The company reported an operating profit of around US$50m in the year to March. Higher ingot prices, up more than 150 per cent in the last year have helped pnt the project in the black for the first time in seven years of operation.

India plans grain strategy

By K.K. Sharma in New Delhi

THE INDIAN Government yesterday began a two-day conference of officials aimed at maximising agricultural production this year so that the losses caused by the current floods in some states can be minimised.

It hopes that the original target of 167m tonnes for the year will still be achieved. The heavy rains and floods in northern Indian states, particularly in Punjab, which is the country's grain howl, are estimated to have cost about 1.5m tonnes in foodgrain production, particularly rice, in the kharif season, the summer crop which is to be harvested in tbe next few weeks.

Although the loss is not as severe as might have been feared in view of the intensity of the floods, plans are being formulated to increase production in the rest of the year, particularly in the coming rabi (winter) season.

If the plans drawn np at yesterday's conference are put into effect, it is possible that the new target of 170m tonnes for year will be achieved, thereby raising foodgrain prodnction to a record level. Officials hope this target will be achieved through increased nse of fertilisers and other inputs, development of dryland farming, proper water management and other steps to be taken.

The main damage caused by the current floods is in Punjab where 1m tonnes of the rice crop is estimated to have been lost. This could bring down the kharif crop to 96m tonnes instead of the target of 97m tonnes.

Before the monsoon began in May, the Government set a target of 166m tonnes for the financial year ending March 1989, which included 74m tonnes in the coming winter. Hopes are that this target will be exceeded partly because the moisture retention in the soil is expected to be high in view of a bountiful monsoon.

Rubber price below 'must sell' level

By Wong Sulong in Kuala Lumpur

SALES BY the International Natural Rubber Organisation's buffer stock manager have succeeded in pushing the price of the commodity back into the target range set by the organisation.

The five-day moving average indicator, which triggers buffer stock activity at both ends of the range, fell to 241.82 Malaysian/Singapore cents a kilogram yesterday, moving below the "must sell" level of 242 cents for the first time since January.

On the Kuala Lumpur rubber market, RSS No. 1 rubber, the hedging grade, eased by 1 cent to 300 cents a kilogram.

Traders said sentiment was also depressed by defaults on several major contracts for latex concentrate by Taiwanese, Hong Kong and American producers of surgical gloves and condoms.

Mr Aldo Hofmeister, manager of tha Kuala Lumpur-based buffer stock, disclosed that he had sold about 100,000 tonnes between April and June when prices rose sharply to an eight-year high. Tha sales were for three months forward, and deliveries are still being made to consumers.

Since last September, when the price breached the "may sell" level of 232 cents, he has sold more than 320,000 tonnes from his 370,000 tonne stockpile. He is now conserving the balance and is reported to have stnpped nffaring discounts.

Mr Hofmeister felt the price had dropped a little too sharply, and he expected a technical correction around mid-October.

A Malaysian Rubber Exchange official said heavy rains in Malaysia and Thailand in August and September had affected production, and prices would be firming.

Meanwhile, Malaysian rubber research authorities said they would start a pilot scheme to plant rubber trees as part of the national reforestation programme.

Spain's 'Mr Strawberry' seeks broader horizons

Tom Burns on moves to diversify monoculture production into exotic fruits and plants

SURVEYING THE horizons of one of his Huelva province farms, framed by the Atlantic, sand dunes, eucalyptus trees and pines, Antonio Medina is determined that strawberry fields should not last forever. What he wants in their place are "lots of exotic fruits and plants." And he is resolutely working towards that end.

A one-time Sevillian lawyer, turned agricultural entrepreneur, Mr Medina can claim to be Spain's "Mr Strawberry", for he introduced the intensive cultivation of the fruit nearly 30 years ago on the same shores of Palos de la Frontera that half a millennium ago saw Christopher Columbus leave for the New World. Hnslva province earned Pta 30hn (£140m) last year from strawberries, more than half of it from exports.

Most of the fields are near the village of Palos, where Mr Medina owns some 600 acres, and around a second booming new agricultural town called Lepe, further west along the coast towards Portugal's Algarve. Mr Medina farms 2,000 acres in Lepe.

Now, aware that more than 60 per cent of Huelva's agricultural income is strawberry-hased and convinced that "monoculture is fatal," Mr Medina, 63, has refired his pioneering amhitions. Ha is spending a lot of time and money on his determination to become "Mr Diversification".

At Las Madres, the Palos farm, 4,000 tonnes of strawberries were harvested last year between November and May, 2,500 tonnes of them for export. This year Mr Medina has cut the farm's strawberry acreage by half. In place of the little red fruit there is now row upon row of a leafy, long-lasting fern that Mr Medina first saw growing in Costa Rica 12 years ago.

He sets great store by this fern. It is, he claims, the perfect support for cut flowers and he is its only commercial producer in Europe. Currently one juggernaut a week calls at Las Madres to transport a full load of the ferns to Scandinavia and West Germany. Next year mr Medina expects a jump in orders and a lorry load a day.

Other former strawberry fields have been devoted to a whole range of experimental plants that are being gradually adapted to the coast of South-west Spain. One of Mr Medina's maxims is that engineering a green revolution in Huelva's scrub land does not just involve irrigating the soil, something that does not, incidentally, present problems for there is plenty of water beneath the sand dunes. "What we really have to do is to irrigate people's brains," he declares.

When he first started buying land near Palos in 1961 a hectare produced a tonne of strawharries every two years. Patiently Mr Medina, who taught himself all he knows about agriculture, introduced sand cultivation technology that he had read about and had seen at work in California and in Israel. He also tried out 72 different varieties of strawberries before he found the one best suited to Huelva.

The same land in the Palos area is now producing an average seven tonnes of strawberries a hectare and a peak of eight in just one year.

Mr Medina, who was an orphan and worked his way through law school in Seville, had specialised in offering legal services to agricultural co-operatives before he turned to farming himself. As he experimented with the new technologies he imported he was generous in helping others in the area to do the same.

It took a decade for the advanced methods and the news seeds to take root among local farmers. Then strawberry co-operatives began to spring up in Palos, in Lepe and elsewhere in Hnelva province, imitating Mr Medina's plastic tunneling, his techniques of mixing fertilisers into the irrigation and his computer-controlled drip watering methods.

Seven years ago Mr Medina's company, Sur Horticola, built the the first strawberry quick freezing plant in Spain on the Palos farm and the local co-operatives soon followed suit.

The danger, as he sees it, is that it has become far easier now to increase strawherry production than it is to create strawberry markets.

The European market, Mr Medina says, is close to being glutted, although one possible growth area is the UK, where, Mr Madina says, only 250 grams of strawberries are consnmed per capita a year. "50 per cent of Britons have never tasted a strawberry," he claims. By comparison Spaniards eat 3 kg of strawberries per head a year, followed by the Belgians and the Germans with 2 kg and the French who, according to Mr Medina's estimates, consume 1.5 kg.

Along with the leafy Costa Rican ferns, Mr Medina is now investing heavily in a South African variety of apples that is harvested in May and June, a type of fig that grows on miniature trees that were perfected in Israel. Determined to diversify Sur Horticola, wholly-owned by Mr Medina, has already built up extensive orange and grapefruit plantations at Palos and Lepe and is conducting experiments with exotic fruits auch as persimmons and pomegranates.

Mr Medina, who makes at least 12 business trips a year with California and Florida, Israel and South Africa high on his travel agenda, says that his company is currently allocating 4 per cent of its total sales income for research into new products.

"If we apply technology properly here in Huelva, with its 3.500 hours of sun a year, we can grow anything we want," he says. "But we must have lots of eggs in lots of baskets."

Sea Fish Industry Authority to double catch levy

By David Blackwell

THE SEA Fish Industry Authority, set up by the UK Government in 1981 to promote the national fishing and fish processing industry, plans to double the levy it charges on fish landings in the UK.

The authority hopes to implement the increased levy – £7 a tonne for sea fish – from the beginning of April next year, when government funding will come to an end.

In 1984 the Ministry of Agriculture, which includes fisheries in its brief, made £7.9m available to the authority for three years. It agreed a further £4m grant for the two years ending March 1989.

After allowing for exceptions to the levy in some cases, the authority'a income from the levy would be 82 per cent a year higher after the proposed rise, yielding an annual £6.5m.

This would be sufficient to meet existing commitments, apart from television advertising, for the next two years. A further increase would probably be needed in April 1991.

The money has been used to support programmes in marketing, training and quality and technical devalopment. The authority, which will become wholly fnnded hy the industry, said yesterday that the television advertising campaign now running would not be renewed because of the cost.

Mr Ben Davies, chairman of the authority, said that in consultative meetings he had found a high degree of support for all activities except the television campaign. But he noted that the retail value of UK fish sales was now £400m a year higher than in 1982, when the campaign started.

WORLD COMMODITIES PRICES

LONDON MARKETS

COFFEE prices staged a late rally to regain earlier losses. The market was nervous, awaiting further news from the International Coffee Organisation talks in London. Some traders said that optimism about the outcome of the talks, which are trying to agree a total world export quota for the coming year, may have been overdone, given the wide gap between proposals emerging from the consumer and producer sides. However, the prevailing view is that an agreement is likely to be reached when the talks end today. Cocoa prices fell again in early trading, regaining some of the lost ground in the late afternoon. But the slight rally was seen as a temporary reversal of a strong downward trend, with £700 a tonne the immediate objective and £650 possible soon. Sentiment continues to be depressed by bearish fundamentals.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$10.55-0.65z	-0.325
Brent Blend	$12.50-2.55q	-0.425
W.T.I. (1 pm est)	$13.95-3.99z	-0.215
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$160-173	
Gas Oil	$113-116	
Heavy Fuel Oil	$56-59	
Naphtha	$127-129	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$397.75	+2.25
Silver (per troy oz)♣	670c	+4
Platinum (per troy oz)	$503.0	+10.5
Palladium (per troy oz)	$110.0	+1.0
Aluminium (free market)	$2135	-85
Copper (US Producer)	124¾-27¼c	
Lead (US Producer)	39c	
Nickel (free market)	510c	-15
Tin (European free market)	£4365	-40
Tin (Kuala Lumpur market)	19.50r	+0.05
Tin (New York)	342.5c	
Zinc (Euro. Prod. Price)	$1312.5	
Zinc (US Prime Western)	69¾c	
Cattle (live weight)†	109.79p	-2.32*
Sheep (dead weight)†	142.02p	-5.01*
Pigs (live weight)†	71.28p	-1.59*
London daily sugar (raw)	$244.0x	-6.0
London daily sugar (white)	$243.0x	-7.0
Tate and Lyle export price	£253.0	-3.5
Barley (English feed)	£109q	-0.5
Maize (US No. 3 yellow)	£127v	
Wheat (US Dark Northern)	£124z	
Rubber (spot)♥	61.50p	-0.75
Rubber (Oct)♥	68.75p	-0.50
Rubber (Nov)♥	69.25p	-0.50
Rubber (KL RSS No 1 Oct)	300.0m	-1.0
Coconut oil (Philippines)§	$560w	
Palm Oil (Malaysian)§	$420q	
Copra (Philippines)§	$385	
Soyabeans (US)	$199.5z	
Cotton "A" index	55.65c	+0.10
Woollops (64s Super)	650p	-5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Oct. z-Sep/Oct. x-Oct/Dec. w-Nov/Dec. v-Oct/Dec. z-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne	Close	Previous	High/Low	
Sep	750	740	740	720
Dec	726	733	733	714
Mar	740	747	745	728
May	754	760	759	743
Jul	772	777	773	760
Sep	787	795	792	776
Dec	830	841	833	818

Turnover: 4726 (3514) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Sep 28: 924.05 (914.56) :10 day average for Sep 29: 942.29 (945.03).

COFFEE £/tonne	Close	Previous	High/Low	
Sep	1191	1214	1191	1176
Nov	1210	1212	1215	1185
Jan	1195	1165	1195	1157
Mar	1173	1162	1175	1139
May	1174	1160	1170	1140
Jly	1175	1160	1170	1144
Sep	1170	1160	1160	1144

Turnover: 4879 (10508) lots of 5 tonnes. ICCO indicator prices (US cents per pound) for Sep 28: Comp. daily 118.05 (116.24); 15 day average 113.66 (113.58).

SUGAR ($ per tonne)	Close	Previous	High/Low	
Raw				
Oct	217.00	212.40	219.00	210.60
Dec	214.00	209.40	215.00	
Mar	210.60	205.80	212.40	204.60
May	208.00	202.40	210.00	202.40
White				
Dec	239.00	235.00	240.00	236.00
Mar	240.00	235.00	244.00	234.00
May	241.00	236.00	236.00	
Aug	242.00	238.00	237.50	

Turnover: Raw 4799 (2313) lots of 50 tonnes. White 1072 (955). Paris- White (FFr per tonne): Dec 1545, Mar 1535, May 1530, Aug 1545, Oct 1560, Dec 1560

GAS OIL $/tonne	Close	Previous	High/Low	
Oct	113.75	115.75	114.00	113.00
Nov	116.00	117.50	116.25	115.00
Dec	117.75	110.25	118.00	117.00
Jan	118.00	119.75	118.50	117.00
Feb	118.25	119.25	118.25	117.75
Mar	116.75	118.50	117.00	116.50
May	115.00	116.00	115.00	
Jun	116.00	116.50	115.50	

Turnover 6295 (5151) lots of 100 tonnes

GRAINS £/tonne	Close	Previous	High/Low	
Wheat				
Nov	108.25	108.20	108.25	107.00
Jan	111.10	111.05	111.10	110.70
Mar	114.00	113.95	114.00	113.60
May	116.65	116.90	116.65	116.60
Jun	116.70	118.80	116.70	
Barley				
Nov	105.00	105.40	105.00	104.90
Jan	108.25	108.55	108.25	108.10
Mar	110.25	110.60	110.30	110.15
May	112.00	112.45	112.00	

Turnover: Wheat 242 (370), Barley 79 (107). Turnover lots of 100 tonnes.

POTATOES £/tonne	Close	Previous	High/Low	
Nov	58.0	57.0	57.5	56.5
Feb	70.0	70.0		
Apr	93.0	92.0	92.9	91.5
May	103.5	103.8	103.1	

Turnover 112 (311) lots of 40 tonnes.

SOYABEAN MEAL £/tonne	Close	Previous	High/Low	
Dec	181.00	181.20	181.00	180.00
Feb	187.40	187.50	187.40	

Turnover 118 (82) lots of 20 tonnes.

FREIGHT FUTURES $10/index point	Close	Previous	High/Low	
Sep	1272	1274	1272	
Oct	1332	1330	1332	1321
Jan	1427	1412	1429	1400
Apr	1473	1465	1473	1450
Jul	1285	1286	1285	1285
BFI	1286	1286		

Turnover 375 (881)

FRUIT AND VEGETABLES

GUERNSEY Gabacos are new in the shops this week at £2.00-2.50 each, as are French Red Chief apples 35-50p and a variety of soft citrus from Spain called clausellinas 40-60p, reports FFVIB. Pomegranates are more plentiful, with Israeli supplies now available to supplement those from Spain 50-60p (60-90p). Pepper supplies have improved this week, with green new 60-£1.10 (60p-£1.30), red and yellow £1.10-1.65 (£1.50-2.20). Cauliflowers at 25-50p and Primo cabbage 14-20p remain excellent value, as does calabrese at 40-60p. Celery is the top choice this week 25-50p (30-50p), with lots of heavy heads available. Crisp lettuce is up to 35-50p (30-45p) as the season comes to a close, but British icebergs 40-78p are still abundant.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 22,700 tonne
Cash	2130-40	2165-75		2180-40		
3 months	2106-8	2135-40	2140/2060	2086-100	2125-30	12,611 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 6,500 tonne
Cash	1235-40	1265-75	1235	1232-5	1225-35	36,373 lots
Copper, Grade A (£ per tonne)						Ring turnover 25,300 tonne
Cash	1466-8	1470-2	1505/1468	1489-90		
3 months	1453.5-4.5	1431-2	1465/1442	1447-9	1463-5	62,710 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1410-20	1385-95		1400-10		
3 months	1400-10	1375-85		1395-405		15 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	614-4	612-5		615-6		
3 months	625-6	625-8		628-30		452 lots
Lead (£ per tonne)						Ring turnover 3,350 tonne
Cash	351-3	358-7	353/351	353-4		
3 months	367-8	362-2.5	368/364	367-7.5	364-5	9,835 lots
Nickel ($ per tonne)						Ring turnover 1,104 tonne
Cash	10750-850	11250-350	11100/11000	11000-100		
3 months	9650-900	10300-60	10300/9700	10000-100	9800-900	5,974 lots
Zinc ($ per tonne)						Ring turnover 16,075 tonne
Cash	1295-300	1280-5	1298/1286	1289-300		
3 months	1264-5	1255-60	1273/1260	1265-7	1255-60	16,649 lots

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	397¾-398	235¼-235¾
Opening	396½-400	237-237½
Morning fix	398.60	235.650
Afternoon fix	398.50	235.780
Day's High	400½-400¾	
Day's low	396¾-397¼	

Coins	$ price	£ equivalent
Mapleleaf	409-414	243-246
Britannia	409-414	243-246
US Eagle	409-414	243-246
Angel	407-412	242-245
Krugerrand	397-400	236-238
New Sov.	93½-94½	55¼-55¾
Old Sov.	93½-94½	55¼-56¼
Noble Plat	515-521.05	305.45-308.05

Silver fix	p/fine oz	US cts equiv
Spot	368.80	621.25
3 months	379.40	634.35
6 months	390.25	648.10
12 months	411.15	676.35

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
2100	122	142	58	132
2200	72	100	107	188
2300	38	69	173	255
Copper (Grade A)	Calls		Puts	
2300	254	203	32	122
2400	183	153	60	171
2500	126	115	102	229

US MARKETS

THE METAL markets traded similar to recent sessions, gold and silver prices experienced little changes, reports Drexel Burnham Lambert. Overseas buying in platinum helped prices advance over $6. Rollover activity seemed to make up most of the days volume. Copper advanced 240 points as commission house buy stops kept the rally alive. In the softs, both coffee and sugar markets posted gains. Commission houses and the trade were active participants in both markets. Cocoa slipped but volume was very light. The grain markets continued to lack voiitility. Soyabeans and wheat prices were slightly lower whila maize futures remained unchanged. In the cotton market, local activity dominated trading. Pork belly prices rose over 100 points as interest improved in the markets. Cattle and hog futures were mixed with less activity. In energy trading, crude oil futures again had a sluggish session, local traders controlled the market as trade participants were absent from the market.

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Oct	396.8	396.7	399.5	395.8
Nov	399.2	401.1	0	0
Dec	401.5	403.4	404.3	400.7
Feb	406.8	408.6	409.5	405.8
Apr	412.0	413.8	414.3	411.2
Jun	417.3	419.1	418.7	416.0
Aug	422.9	424.7	423.9	423.8
Oct	428.5	430.4	0	0
Dec	434.1	436.0	436.0	433.5

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Oct	500.8	494.4	502.0	498.5
Jan	503.8	497.7	505.0	500.1
Apr	509.8	503.7	511.0	507.0
Jul	515.8	509.7	517.5	514.0
Oct	522.8	516.7	525.0	525.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Oct	617.2	616.8	018.0	018.0
Nov	622.0	621.5	0	0
Dec	626.5	626.0	632.0	625.0
Jan	631.5	631.0	0	0
Mar	641.5	640.9	646.0	640.1
May	651.5	650.9	0	0
Jul	662.1	581.5	667.0	663.0
Sep	672.2	671.0	0	0
Dec	687.8	687.2	688.0	680.0
Jan	693.0	692.4	0	0

COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	117.35	115.00	117.45	117.45
Nov	113.35	111.00	0	0
Dec	109.45	107.05	109.75	106.05
Jan	106.45	104.25	105.60	105.60
Mar	99.75	98.60	100.50	89.30
May	95.95	95.25	97.00	96.00
Jul	93.45	92.90	94.50	94.50
Sep	91.45	190.85	0	0
Dec	89.75	88.65	90.50	89.80

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Nov	13.96	14.11	13.99	13.88
Dec	13.68	13.78	13.71	13.59
Jan	13.59	13.68	13.62	13.48
Feb	13.56	13.66	13.58	13.47
Jun	13.70	13.72	13.70	13.65
Aug	18.75	13.76	13.80	13.75

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Nov	4010	4009	4025	3950
Dec	4085	4082	4100	4025
Jan	4130	4125	4150	4075
Mar	4015	3969	4018	3930
Apr	3910	3849	3910	3840
May	3815	3774	3820	3765
Jun	3755	3729	3756	3720
Jul	3760	3729	3760	3760

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Dec	1116	1127	1125	1105
Mar	1135	1145	1142	1125
May	1158	1165	1166	1152
Jul	1188	1191	1185	1178
Sep	1206	1210	1208	1206
Dec	1252	1255	1262	1245

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	131.85	130.25	132.10	[illegible]
Mar	131.65	130.24	132.10	128.50
May	131.05	129.63	131.20	128.25
Jul	131.40	129.75	131.40	129.25
Sep	130.90	129.25	128.50	128.50
Dec	130.56	127.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	9.94	9.46	10.00	9.44
Jan	8.96	8.65	9.50	9.50
Mar	9.29	9.01	9.35	8.96
May	9.13	8.83	9.10	8.83
Jul	8.98	8.80	9.94	8.72
Oct	8.87	8.84	8.99	8.01
Jan	8.15	7.96	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Oct	52.89	52.05	52.89	52.30
Dec	50.98	50.43	50.99	50.31
Mar	51.03	50.50	51.04	50.45
May	51.30	50.85	50.85	50.75
Jul	01.70	51.30	51.60	01.37
Oct	52.40	51.95	51.95	51.96
Dec	52.75	52.05	52.75	52.10

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	178.70	178.60	179.35	178.20
Jan	168.80	168.45	169.00	168.10
Mar	166.10	166.00	166.40	165.65
May	164.50	164.90	0	0
Jul	164.10	163.90	0	0
Nov	160.15	160.95	0	0
Jan	158.10	159.85	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Sept 28	Sept 27	mnth ago	yr ago
1858.5	1844.1	1858.2	1651.0

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	132.90	132.75	132.22	126.18
Futures	134.82	134.92	136.11	129.21

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Nov	808/0	812/4	813/4	801/0
Jan	818/0	823/4	824/0	811/0
Mar	825/4	831/2	831/4	820/0
May	825/0	831/4	831/0	819/0
Jul	816/2	824/4	824/4	812/0
Aug	804/0	811/0	812/0	802/0
Sep	749/0	753/0	758/4	747/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Oct	23.87	24.32	24.40	23.01
Dec	24.48	24.87	24.93	24.35
Jan	24.80	25.10	25.21	24.65
Mar	25.32	25.67	25.75	25.18
May	25.70	26.02	26.00	25.60
Jul	25.80	25.95	26.15	25.70
Aug	25.50	25.75	26.00	25.45
Sep	25.70	25.80	25.90	25.65

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Oct	253.8	255.2	254.5	252.2
Dec	255.3	257.2	256.8	253.8
Jan	253.5	256.2	255.5	252.6
Mar	251.5	253.7	253.5	250.0
May	247.5	249.5	249.2	245.5
Jul	242.2	245.0	245.0	242.0
Aug	234.5	238.0	238.0	234.5
Sep	228.0	228.0	226.5	228.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	286/4	286/4	288/2	285/2
Mar	291/4	293/0	293/6	290/6
May	293/2	296/4	297/0	293/0
Jul	290/2	294/2	294/4	290/0
Sep	269/4	276/2	276/4	269/0
Dec	256/6	264/2	264/6	256/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	412/6	418/0	417/0	408/0
Mar	417/6	422/2	422/6	415/4
May	391/6	395/4	397/4	390/4
Jul	357/4	363/4	364/0	355/4
Sep	360/4	366/4	362/0	360/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	71.10	71.20	71.27	71.02
Dec	73.12	73.17	73.17	72.90
Feb	73.00	73.80	73.77	73.55
Apr	74.85	75.10	75.00	74.77
Jun	73.85	74.00	74.00	73.77
Aug	71.35	71.45	71.50	71.30
Sep	71.40	71.40	0	0

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Oct	39.47	39.02	39.80	39.05
Dec	42.80	42.20	42.85	42.35
Feb	45.75	44.77	45.87	44.85
Apr	44.92	43.97	44.95	44.10
Jun	49.02	48.57	49.02	48.30
Jul	49.35	49.55	49.35	48.65
Aug	48.20	47.70	48.20	48.10
Oct	45.80	45.37	45.90	45.80

PORK BELLIES 38,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	50.32	49.02	50.40	45.65
Mar	50.77	49.47	50.85	49.45
May	52.65	50.92	52.75	51.10
Jul	53.07	01.77	53.15	51.87
Aug	51.25	50.37	52.00	51.00

WORLD STOCK MARKETS

CANADA

TORONTO

4pm prices September 29

MONTREAL

4pm prices September 29

Total Sales 3,594,658 shares.

INDICES

NEW YORK DOW JONES

	Sep 29	Sep 28	Sep 27	Sep 26	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2119.31	2085.53	2082.33	2085.17	2158.61 (5/7)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.12	89.00	88.99	88.88	91.25 (5/3)	86.12 (4/1)	-	-
Transport	908.60	894.41	890.38	891.73	908.45 (5/7)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	182.08	180.77	179.82	179.35	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2125.76 (2096.37) Low 2084.46 (2070.23)

STANDARD AND POOR'S	Sep 29	Sep 28	Sep 27	Sep 26	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite ‡	272.59	269.08	268.26	268.88	275.66 (22/6)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	312.72	308.46	307.45	308.40	318.54 (22/6)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	26.04	25.82	25.79	25.84	26.05 (16/9)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	153.78	152.03	151.64	151.96	155.35 (22/6)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	300.81	298.87	298.40	298.74	309.33 10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	386.05	383.28	382.22	382.75	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Sep 23	Sep 16	Sep 12	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.68	3.71	2.68
	Sep 28	Sep 21	Sep 14	year ago (approx.)
S & P Industrial div. yield	3.21	3.19	3.19	2.40
S & P P/E ratio	12.98	13.03	13.00	23.20

TRADING ACTIVITY † Volume Millions

	Sep 29	Sep 28	Sep 27
New York	155.790	113.720	113.010
Amex	8.622	8.082	7.249
OTC	(a)	111.718	103.765

NEW YORK	Sep 29	Sep 28	Sep 27
Issues Traded	1,944	1,916	1,901
Rises	1,063	741	612
Falls	403	631	742
Unchanged	478	544	547
New Highs	23	18	16
New Lows	18	17	20

CANADA

TORONTO	Sep 29	Sep 28	Sep 27	Sep 26	1988 High	1988 Low
Metals & Minerals	2749.5	2737.4	2734.1	2722.4	3226.5 (5/7)	2238.7 (8/2)
Composite	3283.0	3266.2	33262.	3260.6	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1638.45	1626.36	1624.81	1626.36	1723.71 (5/7)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
SCE (xd)	2,010,000	33½	- ½	Exxon	1,342,900	45¾	+ ¾
K Mart	1,858,600	38¾	+ 1	Baxter Intl	1,333,700	17¾	+ ⅛
ATT	1,455,500	26¾	+ ⅜	Wal-Mart	1,261,900	32¾	+ ½
Smithkline	1,398,600	45⅛	+ ⅜	Philip Morris	1,258,500	97¼	+ 1⅝
IBM	1,356,400	115⅝	+ 1½	Glaxo Hldngs	1,224,000	18⅜	+ ½

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (a) Unavailable.

	Sept 29	Sept 28	Sept 27	Sept 26	1988 High	1988 Low
AUSTRALIA All Ordinaries (1/1/80)	1541.9	1546.2	1545.0	1543.3	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	706.9	712.7	709.4	702.8	847.8 (9/8)	532.4 (10/2)
AUSTRIA Credit Aktien (30/12/84)	205.00	205.60	205.90	205 00	205.90 (27/9)	163.98 (11/2)
BELGIUM Brussels SE (1/1/80)	5235.10	5236.30	5244.90	5203.5	5315.1 (21/9)	3608.35(4/1)
DENMARK Copenhagen SE (3/1/83)	(a)	232.58	233.20	227.30	233.20 (27/9)	180.68 (4/1)
FINLAND Unitas General (1975)	686.6	690.3	693.2	695.6	772.1 (8/8)	530.6 (15/1)
FRANCE CAC General (31/12/82)	377.4	373.6	375.8	375.3	377.4 (29/9)	251.3 (29/1)
Ind. Tendance(31/12/87)	146.6	143.6	143.1	144.1	146 6 (29/9)	89.7 (29/1)
GERMANY FAZ Aktien (31/12/58)	515.12	511.96	516.61	517.55	518.40 (21/9)	396.40 (29/1)
Commerzbank (1/12/53)	1564.2	1554.20	1569.10	1572.20	1576.40(21/9)	1207.9 (29/1)
DAX (30/12/87)	1248.71	1239.16	1248.36	1257.03	1260.99 (21/9)	931.18 (28/1)
HONG KONG Hang Seng Bank (31/7/64)	2439.39	2449.75	2466.27	(c)	2772.53 (12/7)	2223.56 (8/2)
ITALY Banca Com. Ital. (1972)	549.27	544.95	536.93	537.40	549.27 (29/9)	423.91 (9/2)
JAPAN** Nikkei (16/5/49)	27700.13	27752.01	27499.56	27330.95	28423.38 (5/8)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2131.96	2133.46	2116.81	2095.84	2253.10 (2/8)	1690.44 (4/1)
NETHERLANDS ANP-CBS General (1970)	272.80	270.70	270.20	270.00	284.8 (9/8)	205 7 (4/1)
ANP-CBS Industrial (1970)	234.70	231.50	230.30	228.90	239.3 (9/8)	157.9 (11/1)
NORWAY Oslo SE (4/1/83)	384.90	382.24	383.03	382.91	423.64 (21/7)	327.78 (28/1)
SINGAPORE Straits Times Ind. (30/12/66)	1030.69	1030.30	1022.28	1023.10	1177.87 (8/8)	833.60(4/1)
SOUTH AFRICA JSE Gold (28/9/78)	1265.0‡	1254.0	1242.0	1225.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1721.0‡	1700.0	1690.0	1691.0	1758.0 (20/7)	1387.0 (12/2)
SPAIN Madrid SE (30/12/85)	277.75	275.2	273.71	273.32	301.63 (15/6)	225.50 (4/1)
SWEDEN Jacobson & P. (31/12/56)	3088.41	3081.20	3088.40	3099.70	3124.50 (22/9)	2148.5 (4/1)
SWITZERLAND Swiss Bank Ind. (31/12/58)	565.80	563.70	565.00	564.90	565.80(29/9)	466.6 (13/1)
WORLD M.S. Capital Intl. (1/1/70)	(a)	441.8	439.1	436.5	465.2 (15/6)	401.0 (21/1)

**Saturday Sept. 24: Japan Nikkei 27,390.12 and TSE 2,099.24.
‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500: (c) Closed. (a) Unavailable.

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4pm prices September 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
27⅞	14	AAR s	.36	1.4	19	130	26	20½	26	+ ½
10¾	8¾	ACM n				38	8⅞	9¾	9¾	
12⅞	8¼	ACMIn	1.26a	11.		211	11	10¾	11	
12¾	10⅞	ACMSc	n1.26	12.		708	10⅞	10¾	10⅞	
10¾	8⅞	ACMSp	n1.01	11.		477	9¼	9	9¼	+ ⅛
28⅞	18½	AGS			20	406	28¼	28⅛	28⅛	
7¼	2⅞	AMCA				60	4	3⅞	3⅞	
7⅞	3¼	AM Intl				664	5⅞	5⅝	5⅝	– ⅛
20½	17	AM Int pf	2	9.2		11	22	21⅞	21⅞	
57¼	26¾	AMR			18	4791	47⅞	40¾	47⅞	+ 1¼
27	25	ANR pf	2.67	10.		37	20½	20	20	– ⅛
10	5⅛	ARX			11	122	7⅞	8⅞	1	
101½	36¼	ASA	3	1.9		626	66¼	21⅞	38	+ ¼
23⅞	8½	AVX	.06e	.5	12	373	18⅞	18⅞	18⅞	+ ½
61⅞	40	AbtLab	1.20	2.5	16	5178	48⅞	40¼	48¼	+ ½
27¼	15¾	Abitibi g	1			60	18½	18⅜	18½	+ ⅛
18½	8½	AcmeC	.40	4.4		115	9	8¾	8	
8½	6⅝	AcmeE	.32b	4.7	40	4	8¾	8⅞	8⅞	
20	14⅞	AdaEx	3.05e	20.		119	15½	15⅜	15½	
18¾	8⅞	AdamMl	.24	1.4	18	6	18¾	18⅝	18¾	+ ⅛
24⅞	9½	AMD				5776	11	10½	10⅞	– ¼
66⅞	20¼	AMD pf	9	8.6		30	35	34¾	35	
9⅞	4⅞	Adobe				23	7⅛	7½	7½	
18⅞	16¼	Adob pf	1.84	11.		19	17½	17¼	17½	
21¼	17½	Adob pf	2.40	11.		4	21¼	20⅞	20⅞	– ¼
12⅞	5⅞	Advest	.12	1.5	15	206	8¼	8¼	8¼	– ⅛
61⅞	39½	AetnLf	2.76	5.4	5	1420	51⅞	50⅞	51¼	+ ½
29½	20¾	AlfPb s	.20	.7		1281	30⅛	28⅝	29½	+ ½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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PHILIPS

Continued on Page 47

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28⅞	20	PSEG	2	8.2	10	3158	24⅞	23⅝	24⅛	+ ⅛
59	49	PSEG pf5.05		9.9		z30	51¼	51¼	51¼	−1⅛
89	10½	PSEG pf8.28		9.8		z100	84	84	84	+ ⅞
77¼	62½	PSEG pf6.80		9.9		z50	68½	68½	68½	−8⅛
86¾	71	PSEG pf7.80		9.8		113	79½	79¼	79½	
83	73	PSEG pf7.52		10.		z200	75	75	75	− ⅛
82⅝	65¼	PSEG pf7.40		10.		z100	74	74	74	−1
3⅝	1⅞	Publick			9	2	3	3	3	
46½	18½	PR Cem .50a		1.2	8	22	42⅛	42	42⅛	− ⅛
21⅞	17⅞	PugetP 1.76		9.1	9	451	19½	19⅛	19⅜	
9	6¼	PHGCB .85		10.		45	8⅛	8⅛	8⅛	+ ⅛
10⅛	8⅜	PIGIT n1.01		11.		839	9⅜	8⅞	9⅛	
10⅛	8⅞	PMIIT n1.08		11.		291	9⅜	9	9⅛	
15¼	8⅞	PMIT s 1.10		12.		330	9½	9⅛	9⅜	
10⅛	9⅝	PPrIT n1.16		12.		1397	9⅝	9⅜	9⅝	
6⅞	3⅝	Pyro				138	5⅞	5⅝	5⅞	+ ⅛
20½	7	QMS			13	198	7⅞	7⅝	7⅞	+ ⅛
3⅞	⅝	Quantel			7	169	13-16	11-16	11-16	− 1-16
65	31⅞	QuakrO 1.20		2.2	17	1052	54⅜	54⅛	54⅛	
27⅛	12⅞	QuakSC .80		4.3	23	1560	19⅛	18⅞	18⅞	+ ⅛
14¼	4⅛	Quanex .05e		.5	10	65	13⅛	13	13	− ⅛
105	46	Quantm 2.20		2.2	10	1839	99¼	98⅝	99⅛	+ ⅛
10⅝	7½	QstVl 1		9.6		65	10½	10⅜	10½	+ ⅛
9⅞	4⅞	QstVC .77e				173	8⅛	8	8⅛	+ ⅛
39¾	20½	Questar 1.86		5.7	90	25	32⅞	32⅜	32⅞	+ ⅛
25⅜	10	QkReily .24a		2.1	7	63	11⅜	11⅛	11⅛	− ⅛
		− R−R−R −								
12⅜	4½	RBind			13	11⅝	11⅛	11⅛	11⅛	+ ⅛
68⅞	34⅝	RJR Nb2.20		4.0	10	6324	55	53⅝	54⅝	+1⅛
17⅛	4⅝	RLC .20		1.9	5	176	10⅝	10½	10⅝	+ ⅛
10⅛	7	RLI Cp .56		4.2	8	33	8⅝	8⅜	8⅜	+ ⅛
6⅞	3	RPC			25	84	6⅛	6	6⅛	+ ⅛
3⅛	15-32	Radice				75	9-16	½	9-16	
83½	57⅞	RalsPur 1.80		1.9	14	2295	80⅜	78⅞	79⅞	+1
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
10¼	7⅞	Sprague								
35⅛	20⅛	Springs 1								
65½	43	SquarD 1.92								
101¼	56⅛	Squibb 1.60								
28⅜	18⅛	StBPnt								
9¼	4⅞	StFdBk .40								
18⅜	11⅛	StMotr .32								
12⅛	8⅛	StdPac 1.20e								
31⅞	17⅞	StdPrd .80								
24	12⅛	Standex .68								
21⅜	9⅛	Stanhm s.58								
36⅛	21⅛	StanWk .80								
11⅞	8⅜	StnMSe 1.12a								
8	2½	Steego .09t								
18⅝	7	StrlBcp .30								
5-64	1-128	StlBc rt								
12⅝	10⅛	StkVC pr 1								
18⅝	5⅛	Stifel								
57½	38½	StoneW 2.40								
38⅜	18⅛	StoneC s .60								
10⅛	5	StonRs								
13⅛	10	StorEq 1.40								
8	1⅛	StorTch								
20⅞	13⅛	StratMt 2.40e								
33	13⅛	StrldRt s .80								
10⅛	6½	SuavSh								
9½	6⅛	SunDis 1.15e								
18⅜	6⅝	SunEl .05e								
18⅜	11⅛	SunEng 1.45e								
63½	34	SunCo 3								
64	38	Sundstr 1.80								
6⅛	6⅛	SunMn								
9½	7⅛	SunM pf1.19								
25⅛	17	SunTrst .88								
25⅛	16	SupVals .60								
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
50⅛	47	Xerox pf4.13		8.7		4	47⅝	47⅝	47⅝	− ⅛
38	19⅛	XTRA .72		2.1	14	272	34	33⅜	33⅜	− ⅛
29⅛	19½	XTRA pf1.94		6.9		182	28	27½	28	+ ½
59⅞	17½	Yorkin			15	17	52⅛	52½	52⅝	+ ⅛
5⅛	2⅛	Zapata				157	2⅜	2⅛	2⅜	
37	18½	Zayre .40		1.6	108	6572	25⅜	25	25⅜	+ ⅛
16⅜	6⅛	Zemex .40		2.9	17	6	13⅝	13⅝	13⅝	+ ⅛
30	18	ZenithE				1841	21⅛	20⅜	21	+ ⅛
13⅛	9½	Zenlq g .38e		3.8		101	10⅛	10	10	
7⅜	1	vjZentLb				348	2⅛	2⅛	2⅛	
21⅝	12⅜	ZenNtl .606		4.3	8	159	12⅝	10⅞	10½	+ ⅛
19⅞	11⅜	Zero .40		2.5	14	102	16⅞	15⅝	16⅞	
20⅞	12	Zurnln .60		2.7	10	350	25⅛	25	25⅛	
17⅜	7⅞	Zweig 1.04		9.9		526	10⅝	10⅜	10½	+ ⅛
10⅛	10	ZweigT n				2075	10⅛	10	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid 21 preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices September 29

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
		− R−R −					
RBW			9	5½	5½	5½	+ ⅛
Ragan	.10	17	312	19⅝	19⅝	19⅝	
Ransbg		18	38	11⅛	10⅞	11	+ ⅛
ReCap		28	14	8⅞	8⅛	8⅞	− ⅛
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 4pm prices September 29

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						
Windm u		12 1557	17⅞	16⅞	17⅛	+ ⅛
WiserO	.40	110 132	14⅛	14⅛	14⅛	− ⅛
Woloho	.24	9 15	14⅞	14⅞	14⅞	− ⅛
WolvEx		298	9⅛	9	9⅛	+ ⅛
Worthg	.44	13 481	21⅜	21⅛	21⅜	
Wyman	.96	14 450	14⅛	14⅛	14⅛	+ ½
		− X−Y−Z −				
XL Dta		18 145	24⅛	20½	24⅛	+ ⅛
XOMA		216	14⅛	14½	14½	
X-Rite s		18 428	11½	11⅛	11⅛	
Xicor		10 2344	9	8⅛	8	+ ⅛
Xylogic		6 12	8⅛	8	8	− ⅛
Xyvan		3 103	8	8	8	+ ⅛
YelowF	.76	16 803	36⅞	36⅜	36⅞	+ ⅛
ZionUt	1.44	4	25⅛	23⅛	23⅛	+ ⅛

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FINANCIAL TIMES

Friday September 30 1988

AMERICA

Dow breaks loose from doldrums

Wall Street

A STRONG rally by equities yesterday ended the run of near stagnant performances this week on Wall Street, although volume picked up only at the end of the day, *writes Janet Bush in New York.*

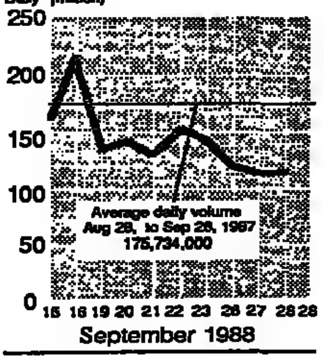
The Dow Jones Industrial Average rose steadily throughout the session and closed 33.78 points up at 2,119.31, its highest close since August 4. Volume picked up from its very depressed levels earlier this week to 155m.

On a number of occasions in recent months, the Dow has suddenly broken out of its narrow trading range for no apparent reason – movements that have often soon been reversed. There was no news yesterday to trigger the sudden rally after three days of single-figure movements, although rising bond prices may have helped.

Equity traders said there was some futures-related buying early in the day which had started the rally. Ms Gail Dudack, equity strategist at Warburg Securities, said there had been some institutional nibbling throughout the session, mostly in blue chip issues, and the rally was given added impetus later on by short covering.

Yesterday's rise, the largest one-day gain since the Dow added more than 50 points on September 2, took the index above the psychologically, if not technically, important 2,100 level for the first time since September 14, when the Dow closed at 2,100.64. The 2,100 mark has been the top of the index's trading range since early August.

NYSE Volume



US Treasury bonds proved only temporarily vulnerable to figures showing a much smaller than expected rise in unemployment claims in the week ended September 17. Claims rose by only 7,000 that week, compared with expectations of an increase of up to 40,000.

Although these weekly figures give only a limited view of unemployment trends, they reinforced expectations that September's jobs figures will show strong employment growth and that the unemployment rate will drop from the 5.6 per cent recorded in August.

The bond market rebounded to stand just under ½ point higher in late trading. The focus in both bond and stock markets is now on today's US leading indicators for August.

Among featured stocks yesterday was MSI Data, which added $1⅛ to $23⅛ in trading on the American Stock Exchange after news that it had agreed to be acquired by Symbol Technologies for $23 a share. This offer bettered a bid by Telxon of $30 a share, which MSI rejected. Symbol Technologies dipped $⅛ to $16⅞.

Georgia Gulf jumped $2⅛ to $74⅛ as it began its self-tender offer for up to 1.5m of its common shares at $75 each.

C3, the computer software company, rose $1⅛ to $13 after Knoll Capital Management said it had offered $13 a share for the company and would be willing to boost this bid if it were allowed to review confidential information about C3. Knoll is part of an investor group which already owns a 9.6 per cent stake in C3.

Williams Companies, the fertiliser business that also runs a natural gas pipeline, rose $1 to $32¾ on speculation that someone had been building a 5 per cent stake in the company. Mr Carl Icahn is one of the rumoured suitors.

Canada

RISING golds, base metals and industrial stocks pushed Toronto share prices higher in quiet trading.

The composite index rose 16.9 to 3,283.0 on light turnover of 15.4m shares. Among golds, Hemlo Gold advanced C$⅛ to C$12⅞. Lac Minerals moved ahead C$⅜ to C$12½ and Placer Dome gained C$⅛ to C$15⅝.

Monsoon rain nourishes Bombay

Small investors are returning to the market, writes R C Murthy

The best monsoon rains for about 20 years, record food production and strong corporate results have helped propel Indian equities through key resistance points over the past month.

The 30-share index of the Bombay Stock Exchange has climbed by about 6 per cent since the start of the month, closing last Friday at 644.58m – near the all-time high of 664 reached in February 1986. Computer problems have prevented the exchange from opening this week.

The all-share index has meanwhile risen by almost 19 per cent over the period, showing that price gains have not been confined to a few stocks, as in the past, but have been well spread over the market. About 600 companies are listed on the Bombay exchange, India's largest, accounting for two-thirds of the country's total stock trading.

The present rally is fuelled largely by demand from individual investors, with government-owned investment institutions taking a back seat instead of their usual position of leading support for the market.

Bombay last enjoyed a real rally in early April, running through to June. Now the economic fundamentals are favourable again. Monsoon rains between June and September this year are considered to be the best since 1968, spreading well throughout the country after a disastrous drought last year.

Food grain production is projected to reach a record 166m tonnes this year, up by nearly a quarter from the 135m tonnes that were recorded last year.

A further boost to economic growth should come from the easing of power shortages. Hydro power plants are registering improved plant load factor, with most of the reservoirs that feed them reported to be full.

Industrial production is expected to climb by 10 per cent this year – compared with 7.5 per cent last year – boosting the country's gross national product by 9 per cent compared with 2.5 per cent last year.

The news is also positive on the corporate side, with industrial leaders forecasting sharply higher profits this year, helped by a strong rural demand for many consumer products.

Other favourable factors include the determination of the Gandhi Government to pursue economic liberalisation, opening the economy to foreign investment. This month, Pepsi was granted permission to set up a fruit and vegetable processing unit and a soft drinks facility in the trouble-torn Punjab state.

A significant bullish factor has been the successful flotation at the end of last month of a Rs6bn ($413m) convertible bond issue, the largest ever, by Reliance Petrochemicals, an offshoot of blue chip Reliance Industries (RIL). Only Rs3bn was offered to the public, with the remaining Rs3bn offered as a rights issue to RIL shareholders. Total subscriptions amounted to a record Rs13bn, underlining the renewed interest felt among the small investors.

Merchant bankers cautiously say that the persistent demand for cash shares points to a change in market sentiment. They do not, however, expect the markets to return to the 1985-86 phase, when small investors blindly supported any issue that came to the market.

ASIA PACIFIC

Nikkei slips as political worries take hold

Tokyo

TRADING began on a firm note in Tokyo yesterday but lost momentum as investors became cautious, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average failed to maintain Wednesday's strength and fluctuated through the day, closing down 51.88 at 27,700.13. It moved between 27,853.36 and 27,683.74. Volume declined to 1.08bn shares from 1.81bn on Wednesday.

In London, Japanese shares rose as the ISE/Nikkei 50 index gained 5.51 to 1,791.50.

Speculation that there could be changes among the ruling elite in the Soviet Union led to uncertainty about the international political environment, sending the yen lower against the dollar in the morning. This in turn led to a downturn in equities in the morning session. By late afternoon, however, some measure of confidence returned to the market.

No one sector showed noticeable strength, with only a handful of individual stocks attracting interest. Steels were on the whole weaker, although Sumitomo Metal, the volume leader at 95.5m shares, was up Y5 at Y700.

Shipbuildings, which have been strong recently, were also mixed. Mitsui Engineering and Shipbuilding, the second most heavily traded issue at 88.2m shares, gained Y13 to Y727.

Sumitomo Heavy Industries advanced Y75 to Y915 after the company announced it planned to build a marine resort on land it owns in Kanagawa prefecture, southwest of Tokyo.

Oil companies were bought on the strength of their land holdings – particularly those with petrol stations – which are increasingly being used for other purposes. Showa Shell Sekiyu added Y90 to Y1,360 and Nippon Oil Y10 to Y1,130.

Trading in Osaka fluctuated although share prices managed to gain moderately. The OSE average rose 41.86 to 26,111.80

THE TAIPEI stock market fulfilled dire predictions yesterday – the first day's trading since Saturday, when the Government announced the reimposition of capital gains taxes after a hiatus of more than 10 years, *writes Bob King in Taipei.*

While the weighted index fell by 175.96 points to 8,613.83 – hardly as spectacular as the daily falls and rises of recent months – turnover, at just NT$280m ($9.7m), was a very small fraction of its recent daily average of T$40-T$50bn.

"A lot of people were trying to sell their shares, but no one was buying," said an exchange official.

Stockbrokers and investors alike have protested against the reimposition of the tax, even though it will not take effect until January 1 next year – and even then will not apply to capital gains on sales under NT$3m. Some investors have threatened to default on their stock contracts with brokerages, which could seriously affect the operations of many small broking houses.

Other observers say public reaction to the new measures could trigger a crash at a time when the index has been fluctuating wildly and when some analysts were in any event predicting a significant correction.

hut volume was down considerably at 84.46m from 166.41m.

Roundup

OPTIONS-RELATED trade aided turnover in Australia and local bargain buying helped Singapore recover yesterday, while Hong Kong was left drifting.

AUSTRALIA was generally quiet although the expiry of the September series of option contracts boosted turnover in selected stocks. At the close the All Ordinaries index was 4.3 lower at 1,541.9 as 221.97m shares worth A$163.03m changed hands.

HONG KONG suffered from the fall in the Taiwan stock market and the unwillingness of small or institutional investors to commit themselves to equities. The Hang Seng index fell 10.36 to 2,439.39

Amoy fell 2.5 cents to HK$2.625 after announcing a restructuring plan.

SINGAPORE initially followed Tokyo down in light trading, but some late bargain-hunting helped cut earlier losses and the Straits Times industrial index ended 0.39 higher at 1,030.69.

EUROPE

Bouygues activity fuels Paris gains

VOLUMES and share prices picked up in the main European markets yesterday as rumours and positive corporate news boosted buying, *writes Our Markets Staff.*

PARIS raced ahead, ending about 2 per cent higher, as demand outstripped supply for construction issue Bouygues and buying fever spread throughout the market.

Early attempts to requote the suspended Bouygues failed as the price soared by more than its allowable limit. When it was finally quoted, and then immediately suspended again, the stock was 20 per cent higher at FFr715, a gain of FFr119.

Volume in the stock reached 283,000 shares in France, with strong demand again reported from London and the US. Speculation included a possible bid from the US.

Other strong stocks included investment holding company Chargeurs, up FFr89 at FFr1,298; electricals group Alsthom, FFr17.80 higher at FFr388.80; Imetal, adding FFr29 to FFr275 after surprisingly good results; and car components maker Valeo, FFr18 stronger at FFr611 with 181,000 shares traded.

Wall Street's strong opening aided sentiment and the OMF 50 index closed up 7.35 at 391.59. The opening CAC General index was 3.3 higher at 377.4 and volumes were estimated to be well up on Wednesday's FFr1.84bn worth of shares.

FRANKFURT had what one analyst called a "chirpy" day with share prices picking up in a broad-based rally after a few days of consolidation.

The FAZ index added 3.16 to 515.12 and the DAX real-time index was 9.63 higher at 1,248.79. Turnover in German shares reached DM1.99bn in value after Tuesday's DM1.76bn.

Car makers were cheered by good profits reports from VW and other positive news emanating from the Paris auto show. VW added DM3 to DM268.50, BMW climbed DM2.50 to DM506.50, Daimler rose DM4 to DM 702 and Porsche put on DM6 to DM560.

MILAN maintained Wednesday's advances with trading boosted by strong demand from London and new government figures showing Italian industrial output growing fast. News of higher profits at car group Fiat also helped sentiment, and the Comit index closed 4.32 better at 549.27 with the MIB index at a year high of 1,135, up 9.

Telecommunications stocks were the main beneficiaries of interest from London, where investors have picked up on the extensive publicity about Italy's five-year telecommunications expansion programme. Stet, which also reported 33 per cent higher interim profits late on Wednesday, gained L94 to L3,889 and its telephone subsidiary, Sip, climbed L66 to L2,360. Olivetti – which announced a corporate restructuring yesterday – advanced L110 to L9,840, and Data Consyst improved L60 to L8,961. Car maker Fiat put on L45 to L9,610.

ZURICH closed slightly higher but turnover was again disappointing as foreign demand for Swiss franc bonds failed to stimulate overseas interest in the share market. The Crédit Suisse index closed 0.5 up at 479.3.

However, a spate of corporate news saw several stocks feature. Swiss Reinsurance fell SFr100 to SFr12,400 after revealing year-end profits of SFr201m against SFr179m for 1987, and engineering group Rieter gained SFr150 to SFr4,150 on news that earnings in the first half of 1988 should be better than expected.

Temporary employment firm Adia International announced a large rights issue of bearer and registered shares to increase its share capital by SFr4.8m and saw its shares advance SFr50 to SFr9,275.

AMSTERDAM closed slightly ahead in moderate trading on Wall Street's opening gains and the stronger dollar. The CBS all-share index edged up 0.2 to 99.0.

Brewer Heineken was the main feature, rising Fl 2.80 to Fl 141.80 as rumours circulated that Australian financier Mr Alan Bond is preparing a bid. Chemical firm Akzo gained Fl 2.20 to Fl 147.30 on approval of its South Korean joint venture, while paper manufacturer KNP added Fl 1.70 to Fl 174.70 before next week's 4-for-1 share split.

BRUSSELS had a quiet session, with profit-taking in Solvay the main feature. The stock lost BFr200 to BFr13,050 after rising strongly in recent days on Monday's good profits news.

Share prices ended little changed on the whole, with the forward index up 14.3 at 5,420.22 and the cash index off 0.2 at 5,235.1.

STOCKHOLM was encouraged by gains on foreign markets. Shares rose slightly in modest trading in spite of investor caution pending next week's government policy statement. The Affärsvärlden index added 0.4 to 902.7.

Electrolux, the white goods manufacturer, gained SKr1 to SKr252. It announced it had acquired 60 per cent of Unidad Hermetica of Spain, for which it made a bid a month ago.

MADRID rebounded further, helped by overseas interest, with the general index adding 2.52 points to 271.75.

London stock market, Page 41

SOUTH AFRICA

A STEADY bullion price helped golds and most other stocks advance in Johannesburg. Takeover target Consolidated Gold Fields, the mining financial, picked up R2 to R91, while its predator, Minorco, lost R1 to R48.

IFC EMERGING MARKETS INDICES

Market	No. of stocks	PRICE August 1988	% Change on July (Dollar terms)	% Change on Dec 31 '87	August 1988	% Change on July (Local currency terms)	% Change on Dec 31 '87	TOTAL RETURN August 1988	% Change on July (Dollar terms)	% Change on Dec 31 '87
Latin America	(111)	137.3	2.0	59.1	-	–	–	175.0	2.7	69.4
Argentina	(24)	225.0	1.1	64.6	14,914.5	21.7	463.0	249.0	2.0	75.6
Brazil	(30)	71.8	-0.4	58.4	6,372.3	21.6	547.9	94.3	1.0	72.0
Chile	(25)	452.7	5.4	21.0	862.7	5.5	28.4	666.8	5.6	31.5
Mexico	(32)	328.2	2.8	87.5	3,653.6	2.8	93.5	420.8	3.1	95.0
Asia	(153)	339.2	9.9	105.8	-	-	-	411.7	10.8	112.7
Korea	(62)	337.3	-7.2	37.4	294.3	-7.5	24.7	542.3	-4.3	48.4
Malaysia	(40)	101.6	-10.6	14.0	112.2	-8.9	22.6	114.8	-10.3	17.2
Taiwan	(32)	1,058.3	25.2	212.3	772.1	26.1	215.5	1,151.7	25.2	215.8
Thailand	(19)	243.7	-6.2	46.0	228.8	-5.9	47.8	392.2	-4.7	54.9

Source: International Finance Corporation. Base date; Dec 31,1984.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 29 1988					WEDNESDAY SEPTEMBER 28 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (85)	138.10	−0.2	121.69	117.20	4.10	138.37	121.64	117.48	152.31	91.16	167.03
Austria (16)	87.53	−0.3	77.13	85.59	2.44	87.76	77.14	85.65	98.18	83.72	99.84
Belgium (63)	120.14	+0.0	105.86	116.21	4.27	120.10	105.58	118.03	139.89	99.14	125.03
Canada (125)	119.46	+0.6	105.26	105.32	3.25	118.69	104.34	104.90	128.91	107.06	136.61
Denmark (39)	131.41	+0.5	115.79	129.04	2.32	130.80	114.98	128.17	132.72	111.42	115.66
Finland (26)	114.70	+0.1	101.07	106.86	1.65	114.61	100.75	106.74	139.53	106.78	–
France (128)	98.23	+1.1	86.56	98.69	3.29	97.14	85.39	97.41	99.62	72.77	107.57
West Germany (100)	78.68	+0.3	69.33	76.98	2.41	78.46	68.97	76.60	80.79	67.78	100.46
Hong Kong (46)	99.62	−0.4	87.78	99.86	4.98	100.02	87.92	100.29	111.86	84.90	158.66
Ireland (18)	131.01	+1.4	115.44	129.50	3.82	129.23	113.60	127.55	144.25	104.60	153.34
Italy (100)	74.13	+0.8	65.32	77.62	2.59	73.56	64.66	76.91	81.74	62.99	90.15
Japan (456)	159.11	+0.0	140.21	135.13	0.55	159.19	139.94	135.04	177.27	133.61	143.13
Malaysia (36)	136.04	−0.7	119.87	140.10	2.78	137.06	120.48	141.07	154.17	107.83	174.95
Mexico (13)	153.75	−1.4	135.48	384.61	1.41	155.93	137.07	389.81	180.07	90.07	382.57
Netherland (38)	102.24	+0.7	90.09	99.02	4.91	101.54	89.26	98.13	110.66	95.23	123.74
New Zealand (20)	70.22	−0.5	61.88	60.47	6.00	70.59	62.05	60.55	84.05	64.42	133.21
Norway (25)	111.87	+0.0	98.57	105.38	2.84	111.88	98.35	105.31	132.23	98.55	176.06
Singapore (26)	117.82	−0.1	103.82	110.76	2.48	117.94	103.68	110.82	135.89	97.99	163.99
South Africa (60)	106.71	+2.2	94.03	92.38	4.66	104.44	91.81	91.32	139.07	98.26	180.70
Spain (43)	136.68	+0.7	120.44	128.96	3.54	135.75	119.34	127.99	164.47	130.73	159.02
Sweden (35)	119.07	+0.5	104.92	113.65	2.51	118.51	104.18	113.11	125.50	96.92	131.62
Switzerland (55)	77.22	+0.3	68.05	76.27	2.22	76.98	67.67	75.88	86.75	74.13	108.38
United Kingdom (322)	128.15	+0.6	112.93	112.93	4.64	127.17	111.79	111.79	141.18	120.66	157.73
USA (580)	111.44	+1.2	98.20	111.44	3.58	110.08	96.77	110.08	112.47	99.19	133.70
Europe (1008)	104.92	+0.7	92.46	98.36	3.78	104.22	91.62	97.51	110.82	97.01	127.48
Pacific Basin (669)	155.89	-0.1	137.37	132.96	0.77	155.99	137.13	132.90	172.26	130.81	144.43
Euro-Pacific (1677)	135.53	+0.2	119.42	119.09	1.71	135.30	118.94	118.73	147.53	120.36	137.71
North America (705)	111.85	+1.2	98.56	111.08	3.56	110.53	97.16	109.78	113.29	99.78	133.85
Europe Ex. UK (686)	90.40	+0.6	79.66	89.44	3.07	89.87	79.01	88.76	92.99	80.27	108.68
Pacific Ex. Japan (213)	117.14	−0.3	103.22	105.80	4.35	117.47	103.27	106.10	128.27	87.51	160.55
World Ex. US (1675)	134.70	+0.2	118.69	116.48	1.78	134.44	116.18	118.11	146.49	120.26	138.30
World Ex. UK (2133)	125.39	+0.5	110.49	116.34	2.15	124.75	109.66	115.67	131.77	111.77	134.39
World Ex. So. Af. (2395)	125.74	+0.5	110.79	116.17	2.37	125.07	109.95	115.46	132.39	113.26	136.18
World Ex. Japan (1999)	109.60	+1.0	96.58	106.42	3.68	108.56	95.43	105.35	112.43	100.00	133.30
The World Index (2455)	125.62	+0.5	110.69	116.01	2.38	124.95	109.84	115.30	132.38	113.37	136.46

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

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CONSTITUENT CHANGES: At the quarter-end review of the FT-Actuaries World Index, it was decided to make the following constituent changes with effect from October 3, 1988: Additions: C-C Bottlers, Girvan Corp, Metal Manufactures, OSE Insurance Group, QCT Resources and Wesfarmers (all Australia); Jungbunzlauer (Austria); Gulf Canada Resources (Canada); Damart and Radiotechnique (La) (both France); Hochtief and Vereins-Und Westbank (both West Germany); Corporate Inv., Jarden Morgan, Omnicorp Invs., Renouf Corp, Sandford, Wellesley Resources and Wilson Neill (all New Zealand); SNIACE (Spain); Hoffman-La-Roche (Bearer and one-tenth bonus certificates) (both Switzerland); Shawmut National Corp and Ohio Mattress (both USA). Deletion: Hidroelectrica de Cataluna (Spain). Classification changes: Crean (James) (Ireland) to Diversified Consumer Goods, Hankyu Corp (Japan) to Rail and Road Transport and USX Corp (USA) to Petroleum Products.

This announcement appears as a matter of record only

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The First National Bank of Chicago

Crédit Lyonnais

The Fuji Bank, Limited

The Long-Term Credit Bank of Japan, Ltd.

Senior Managers

Banque Nationale de Paris p.l.c.

The Dai-Ichi Kangyo Bank, Limited

The Industrial Bank of Japan, Limited

The Sanwa Bank, Limited

The Sumitomo Bank, Limited (London Branch)

Manager

Swiss Bank Corporation

Co-Managers

The Mitsubishi Bank, Limited

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Rabobank Nederland (London Branch)

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The Daiwa Bank, Limited

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National Westminster Bank PLC

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Intermediate Support Facility

Providers

Chemical Bank

The Mitsubishi Trust and Banking Corporation

National Westminster Bank PLC

Household Finance Corporation

The First National Bank of Chicago

Mitsubishi Corporation

Agent

Chemical Bank

Arranged by

The Mitsubishi Trust and Banking Corporation

National Westminster Bank PLC

Spectrum Capital, Ltd.

Structuring Agent

Spectrum Capital, Ltd.

September 1988

ملكا منه الأصل

SECTION III

FINANCIAL TIMES SURVEY

Thanks to the solid foundations laid by the Peterborough Development Corporation, now being wound up, Peterborough has an attractive environment for modern industry and commerce and is set fair for further, if gentler, growth. **Stewart Dalby** reports

Solid legacy for the future

PETERBOROUGH is about to be privatised. This does not mean that the general public is about to be offered shares at good discounted rates in a city which use to think of itself as part of the south Midlands but increasingly sees itself as part of the prosperous South-East.

What it does portend is that Peterborough is about to cease being a city run by the public sector. The Peterborough Development Corporation (PDC) which, by and large, has been responsible for the development of Peterborough for the past 20 years is being wound up and the Commission for New Towns is taking over with a brief to "realise" the Peterborough DC's assets.

Those clever and funny advertisments featuring the late Roy Kinnear as a Roman legionnaire emphasising that Peterborough is very old and very attractive will be no more. But they have served their purpose. Most people in Britain have now heard of Peterborough even if they could not tell you where it is. More than that, the advertisments have subtly pointed out that Peterborough is not a "new" new town. The Roman advertisments were a little spurious in that the site of today's city was a minor settlement in Roman times. But the campaign made the point that, unlike many of its rivals, Peterborough was grafting new towns and new industries on to an existing nexus.

Conveying a sense of the old is apparently important in attracting people; there is a reluctance to move to completely fresh sites. As one member of the Peterborough agency put it: "Living in Milton Keynes is like living on a printed circuit board". Milton Keynes began in the 1960s as a greenfield site.

The centre of Peterborough today is delightful. There is a pedestrian walkway, of course, with the streets lined with estate agents and building societies. There is also a massive supermarket shopping complex, the Queensgate, complete with multi-story car park. These now seem staple features of most market towns in the south east of England.

But the heart of the town is dominated by the magnificient Norman cathedral, and has other lovely old buildings like the Guildhall market centre, and the City Hall. There are attractive cafés and restaurants in the city. This all adds to the quality of life which has been an importantly selling point for Peterborough.

All the people I spoke to, businessmen and their employees and civil servants were unanimous in their view that the Corporation had done an "excellent" job. The Corporation itself is quick to point out that it has always had the enthusiastic cooperation of the City Council, even when, as now, the council has been hung.

When the Corporation really got going in the late 1970s Peterborough was an railway town of about 80,000, with something like 80 per cent of the workforce employed by four engineering and old manufacturing concerns. Unemployment was low but the prospects for these "metal bashing" industries in the 1970s was not good. As it turns out the engineering companies have survived and flourished, on a slimmed down basis. Perkins Engines, which once employed over 10,000 people nows employs 3,500. It produces a greater range of diesel engines and has improved productivity threefold.

Similarly Peter Brotherhood which employed 1,800 people at the start of the decade now employs 400 people, but is far more productive in making steam turbines, gas compressors and special purpose machinery. Mr Philip Salisbury the managing director says productivity has increased from £15,000 sales per man a year in 1980 to £45,000 sales per man today.

To these older manufacturing concerns, however, have been added a large number of new enterprises, service companies many of them, but also some high tech companies. Mr Ken Hutton, general manager of the PDC, estimates that some 500 companies have established themselves in Peterborough over the life of the Corporation. The population is now 136,000 or 154,000 depending on where you place the boundary. In its time, the Corporation has created 38,000 new jobs, of which 24,000 have survived into the exacting economic climate of the 1980s.

Unemployment, at under 8 per cent, is below the national average. At one time during the shakeout in the manufacturing sector, the jobless total went to over 13 per cent.

The PDC has been involved in virtually every aspect of development. It has bought and developed land, build roads, and other infrastructure. It was heavily involved in developing the Ferry Meadow site, into a large water park and recreation area.

According to Peter Middleton, chief executive of Thomas Cook, however, the really clever thing the PDC did was build lots of houses (around 10,000) and offer them for rent. Thomas Cook was one of the Corporation's first big catches in the service sector. The company moved its UK headquarters to Peterborough in the mid 1970s over a period of years. Today it has over 2,000 employees in a self-contained complex which includes a bank, restaurants and sports facilities.

Mr Middleton says that relocating a company is very traumatic. It was vital that key employees move with the company, Thomas Cook managed to get one third of its then staff of 1,000 to move. And the fact that there was rented accommodation available was an important factor in persuading them to come.

There is a concensus that the Corporation's activities developed methodically and sensibly. It also looks ultimately to have operating profitably from the government's point of view. In the early days the Corporation had to lay large sums to get the infrastructure in place. Mr Hutton estimates that since the late 1960s, it has invested around £1bn of which at least £450m was public money. Latterly, however,money has been flowing in the other direction.

In the last full year(1978-88) the Development Corporation's income from its property portfolio totalled £88m – £17m from rents and £71m from disposals. (These figures exclude housing subsidies). Expenditure totalled £33m of which £11m was on capital works. In the past, capital expenditure has reached £40m at present day prices.

When the Commission for New Towns comes to realise the assets it could garner up to £100m. This would include some 200 acres of industrial and commercial land and some 36 acres of bousing land. There is also over 1,000 acres of agricultural land some of whicb might be developed one day.

What it would exclude is the stock of 6,000 houses currently being rented. Under a complex formula, these houses will eventually be acquired by the City Council and then some of them sold off in line with government policy.

The Commission bas also handed over £10m worth of liabilities to the City Council in the form of, community centres, landscaping and activity centres for play/youth provisions. To operate and maintain these properties, the Commission is also transferring shops, offices and fsctories. Tbe endowment covering these is expected to generate about £800,000 a year. As the Corporation winds up its operations, its job being seen as fulfilled, the question being asked is wbether the town will continue to grow and attract more companies. There is no sbortage of competition from other development areas to attract the limited numher of footloose companies available each year.

The Corporation will no longer exist, hut a Peterborough Development Agency has been set up to keep priming the pump. Unlike the Corporation, the Agency will not he involved in development hut will concern itself with promotion. At £500,000, its budget is only half of what the Corporation has spent. Mr Christopher Gibaud, the new director of the PDA, however is confident companies will continue to arrive.

He will be changing the campaign pitch. The Roman advertisments are to cease and he will be targetting property companies initially to try to persuade them to build factories and houses on spec.

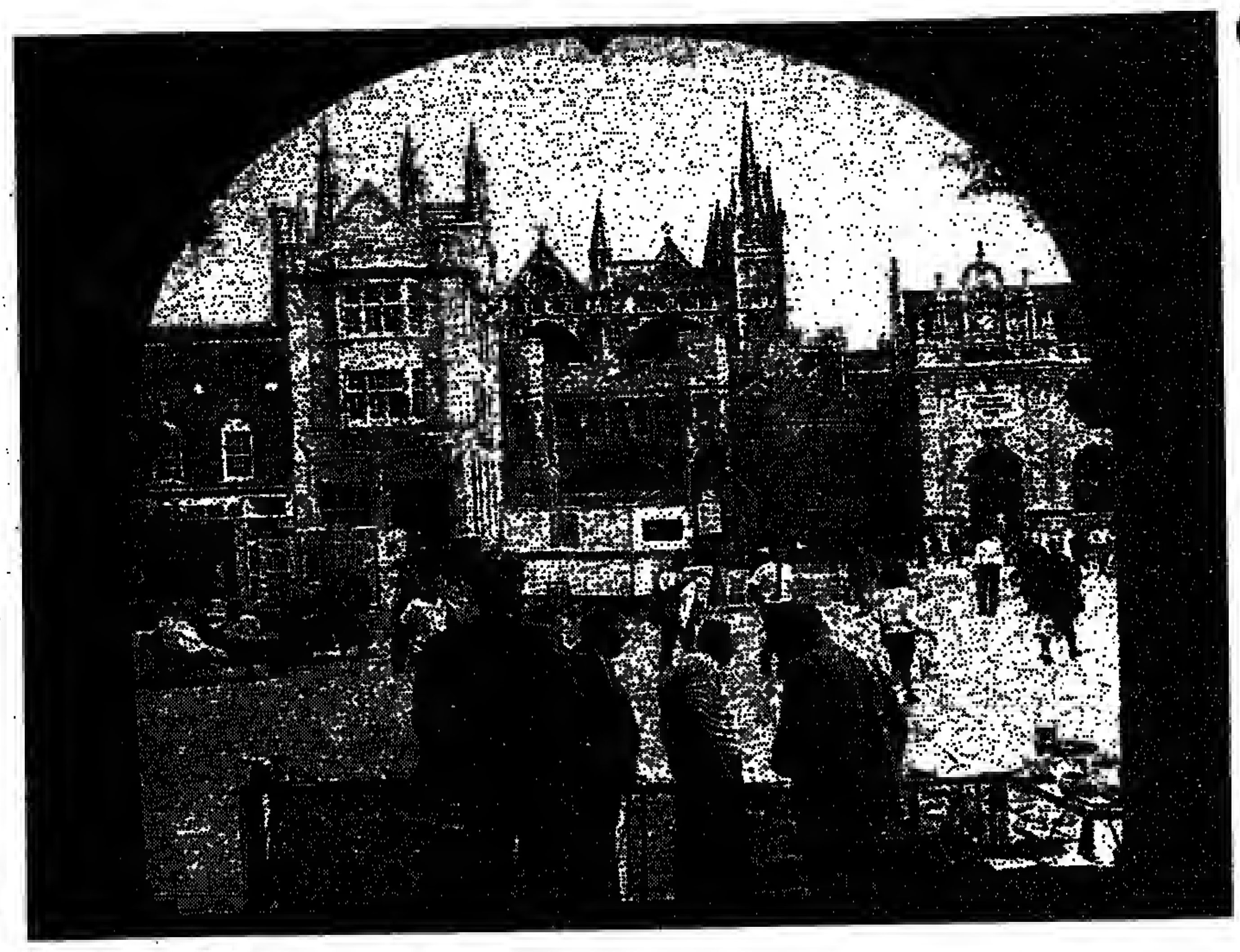
He, like other members of the Corporation, feels that Peterborougb has reached critical mass, that there is now a physical and commercial infrastructure which will be self-generating. Mr Hutton says: "For many years we were sellers in a buyers market. For the past two years we have been sellers in a sellers market. There are many companies who now want to come".

He sees proof of this in the fact that two large insurance groups, Royal Insurance and Pearl insurance have decided to settle in Peterborough and huild large complexes on greenfield sites in the business park. Pearl will be employing upwards of 2,000 people.

The legacy of the development corporation is substantial. "Peterborough has the roads, and infrastructure necessary to take it well into the next century," Mr Gibaud stresses. "Tbere is plenty of commercial land available for expansion, and plenty of residential land if it comes to thet".

Partly because of proximity to London – electrification of the east coast line means it takes 47 minutes to Kings Cross and is therefore commutable – house prices as elsewhere in the South-East have rocketed in the past 18 months. They are still at a discount to central London however, and prices in tbemselves sbould not be a problem for companies wanting to attract staff.

The city looks set fair for further growth if at possibly a gentler pace.



Peterborough city centre

Peterborough

CONTENTS

Pictures by Alan Harper

Peterborough Comes of Age.

In 1967, Peterborough, a market town centred on an ancient Roman site, was designated a New Town by the Government.

Today it is one of the fastest growing business centres in Europe.

This dramatic transformation was brought about through an enterprising partnership between Peterborough City Council, Cambridgeshire County Council and the Peterborough Development Corporation.

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The city is well placed and well established

London links a factor

YES, BUT why Peterborough? I constantly asked as I did my rounds of businessmen, employees and council officials in the town.

A *consensus emerged* on three points: good location, communications and quality of life.

If one refined the question, and asked why a company or an individual should relocate in Peterborough rather than, say, Cambridge, or towns on the M4 corridor such as Reading or Swindon, then the arguments needed tuning a bit: they usually centred on the disadvantages of the other possible sites, rather than the distinct advantages of Peterborough.

But attractions of its own the town does have. It has always been usefully sited on the main north-south railway line up to Edinburgh. Last year the line from Peterborough to London was electrified, and it became possible to get to London in 47 minutes. This made the town commutable.

There are now approaching 2,000 people a day travelling to London and back. This compares with 500 people five years ago.

Even for those who have moved completely to Peterborough, *the fact that London is* so close and convenient is psychologically important. It avoids the notion that a company is stuck in the middle of nowhere.

For companies like Thomas Cook, which moved to Peterborough in the 1970s, and Perkins Engines, which has always been in the town, this is a factor to be considered. It means executives can whizz up and down and see customers or do business, and return within the day.

The road network is also good, particularly in a north-south sense since the A1 runs up through the town and the M11 is not far off to the east.

Perhaps the weak link in communications is that the road to the west, the A47 which links the A1 and the M1 where the two roads spread out, is inadequate. However, there are plans to improve this in the 1990s.

Looking further ahead, there are good links with the east coast ports like Ipswich and Felixstowe with their access to mainland Europe. Stansted in Essex is due to be elevated as London's third airport in the 1990s and this, again, is convenient for Peterborough.

Other towns are close to airports, however. Crawley and Haywards Heath in Sussex, for example, are near Gatwick. Other towns have excellent road and rail links.

The fabled M4 corridor has a number of towns such as Reading and Swindon with excellent and close links with London, and they are not far from Heathrow Airport.

It is when making comparisons with other towns trying to attract newcomers that the Peterborough enthusiasts begin to talk about the quality of life.

When the Peterborough Development Corporation, which channelled most of the public investment into Peterborough, started out in the late 1960s, it seemed prescient in at least two respects.

It emphasised in its promotions that Peterborough was an old town, so that companies and investors would not be moving to greenfield sites. Second, it developed the town by building three satellite townships, Orton, Werrington and Bretton, which were largely self-contained in having shopping and social facilities, but it linked them with a series of looping parkways.

One of the things the first-time visitor to the town is struck by is how easy it is to get around and how hassle-free is the travelling. It is easy to park at the railway station, it is easy to park at the Queensgate, the main shopping complex in the town centre. It is also easy to drive between the town and the townships since the parkways are rarely congested.

Compare this with Cambridge. When I asked a businessman how long it took to drive to Cambridge from Peterborough, he said it took 45 minutes but then it took an hour to park.

Not only are the roads not congested, but there is plenty of room for house building. The town is not hemmed in either by the sea or environmentally sensitive areas. There has been a tremendous inflation in house prices in the past 18 months. But it is still possible to buy three-bedroom houses with a garden for £100,000 in countryside or three-bedroom terraced Victorian houses in the town centre for £50,000 — these are at least half central London prices.

The Development Corporation has done a lot in terms of developing leisure opportunities. It has converted Ferry Meadows, a set of old gravel pits into a water park. There is the River Nene for fishing.

In town there is ice skating, and virtually all other kinds of sports facilities. There is a theatre, two multi-screen cinemas, some pleasant restaurants and at least five night clubs. To those who argue there are no serious music concerts except occasionally in the cathedral, the answer is that London is a short train ride away.

The quality of life has been important in enabling companies to persuade staff to move with them, and in getting key personnel to stay once they have transferred.

But the gradual development of the A1 corridor and the M11 corridor would perhaps not have started if the M4 corridor had not already been overcrowded.

Mr Christopher Gibaud, the new Director of the Peterborough Development Agency, who was in Swindon before going to Peterborough, said that any company now looking at Swindon and Reading, say, would not be able to match Peterborough in terms of either a factory site or somewhere for its employees to live. These towns might be closer to airports and London, but they have become oversubscribed.

To the east the situation is different but similar. Although East Anglia is up and coming, certainly with commuters, Cambridge now has a surfeit of high tech companies and is beginning to overspill into Peterborough. The port towns like Ipswich and Felixstowe do not really have the space to expand.

Peterborough is triply blessed by its geography, communications and the overcrowding of some of its competitors. The downside may come when Peterborough also becomes congested and companies look further north to Grantham and Doncaster — but that day is still some way off.

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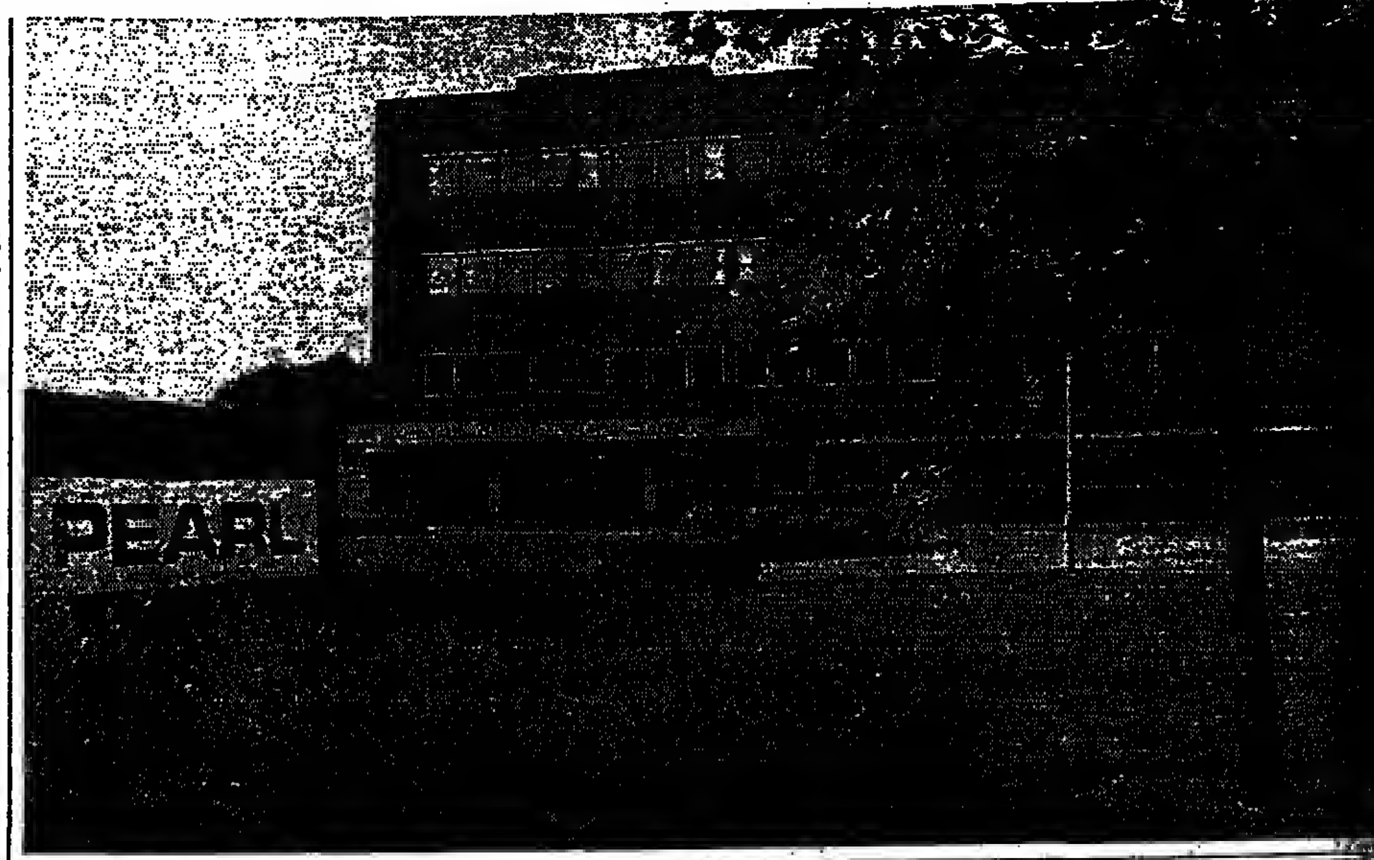

Pearl Assurance building in Peterborough

Profile: Pearl Assurance

Making big move from the South

THE DECISION by Pearl Assurance last year to move to Peterborough was the single most significant relocation of the new town's 18-year expansion. Tha 250,000 sq ft, 25m building on Peterborough Business Park will be capable of housing up to 2,000 staff.

The High Holborn head office, which Pearl had occupied since 1915, was in need of major refurbishment. But only a purpose-designed building, it was decided, could combine operational flexibility and efficiency and allow for the development of the most up to date computer systems.

The move out of London will, in addition, reduce Pearl's long-term expenses, saving £1m in annual running costs and £2m in London weighting.

But Peterborough was not chosen from cold. The group's computer and accounts centre, and one of its regional offices, had been there since 1974. At that time, 100 staff moved from London. Pearl's experience of Peterborough since then was one of the major factors in persuading the gronp to relocate both its chief office and the other five regional offices to the town.

Staff turnover was lower than it would have been for London, for example. The quality *of the business park site* was a further consideration.

In all, some 1,600 staff are being given the opportunity to move to Peterborough. It is anticipated that 500 of the staff will make the move, with those from regional offices, particularly Glasgow, more reluctant than staff already in or near to the South East.

Recognising the considerable upheaval to the lives of many staff, Pearl set up a relocation unit to advise on issues such as housing and schooling. Once the decision had been taken, over 1,000 employees and their families visited Peterborough to inspect the new site and to familiarise themselves with the area.

The internal counselling service to help staff relocate or help those unable to move is continuing this year and into next.

Though the new building will not be ready for occupation before 1991, Pearl has already started to recruit local clerical and administrative staff, expecting to create an annual demand of between 200 and 300 jobs.

The company recently adopted a rather unusual approach to recruitment, headlined in a local newspaper as:Commuters Wooed in Jobs Drive. Pearl staff were handing out leaflets at local railway stations headed Why Flock to Town, showing pictures of sheep heading the same way.

The campaign is aimed particularly at skilled people, such as underwriting administrators and building surveyors who might have been unaware of the employment opportunities in Peterborough.

However, Pearl's investment and actuarial departments will remain in London, to retain a link for the group's connections in the City, while Pearl's 255 district offices, with direct access into the computer facilities at Peterborough, will not be affected.

The High Holborn building and Pearl's regional offices are likely to be retained. Estimated redevelopment value of the present head office would be about £100m.

Alastair Guild

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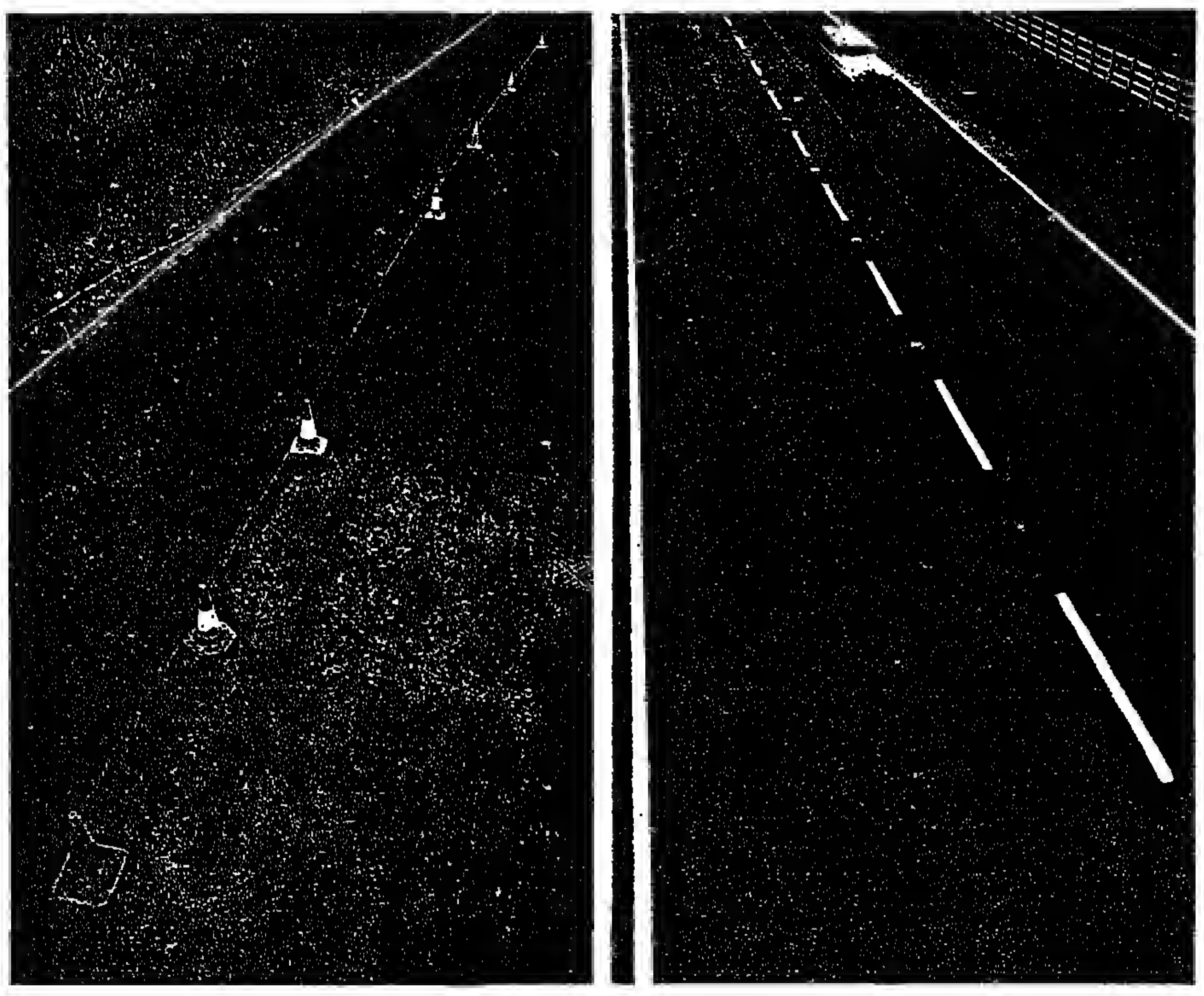

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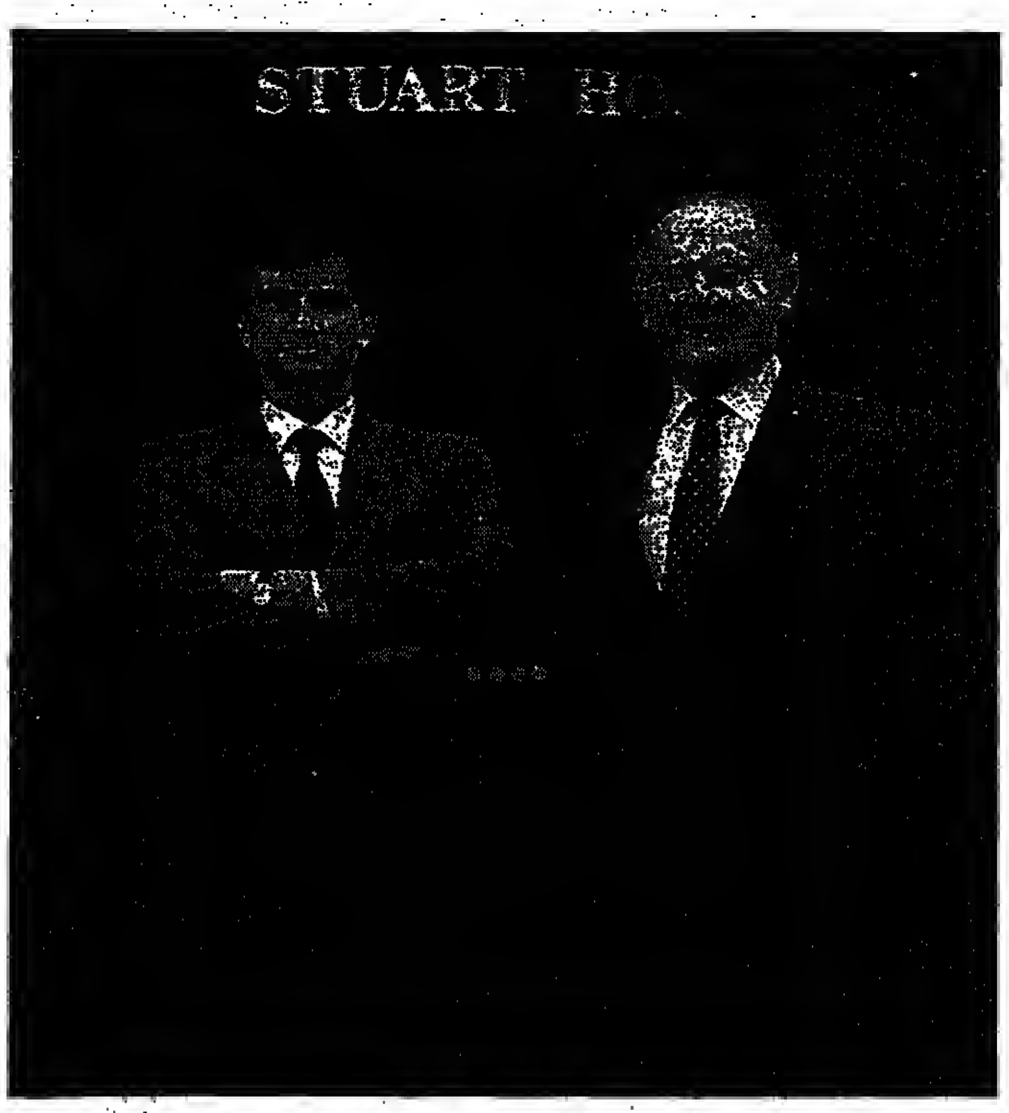
PETERBOROUGH DEVELOPMENT AGENCY

Private sector to the fore



Mr Chris Gibaud (left), director, and Mr Ken Hutton, chairman, of the development agency

PETERBOROUGH enters a new phase of its development next month. Gone are the days of massive public spending, whether on infrastructure or promotion. Peterborough is confident that the private sector, attracted by the city's buoyant business climate, will now carry the investment baton to the end of the century and beyond. The success of companies already in Peterborough will itself breed success, believes the Development Corporation.

The signs are good. Private sector spending has already overtaken that by the public sector. The past year saw a net jobs gain of 2,300, the largest in the development corporation's 18-year expansion programme. House builders evidently need no convincing that Peterborough will provide a good return on investment, as house prices continue to rise, with a number of major schemes now in the pipeline.

Most capital projects undertaken by the development corporation will have been completed, or arrangements made for other bodies to complete them. Some of the PDC's staff will transfer to the CNT, others, such as architects and engineers, will be retained as consultants to complete tasks already started by the PDC.

Nevertheless, confidence has not given way to complacency. The announcement three years ago that the development corporation would cease to exist on October 1 prompted the corporation and local authorities to think of ways of keeping Peterborough'a success known outside the area. Peterborough Development Agency, which also has the support of the Commission for New Towns, is the result.

The PDA will have a total annual budget of £0.5m, one third of the PDC's promotional budget alone. The agency's staff totals six, compared with the PDC's present staff of 140. At its peak, the development corporation employed 880. "We aim to continne promoting Peterborough, though we will now be addressing a slightly different audience," says Kenneth Hutton, general manager of the development corporation, and chairman of the PDA. "We will be targeting property developers and investors to carry out development on land being marketed by the commission, and companies to buy properties developed".

There are still 300 acres of undeveloped land within the PDC's control which will pass to the CNT on October 1, and further parcels of land in private ownership around the city boundaries which could come forward for development. The agency has already set up a working group of industrial and commercial agents to exchange ideas about how best to market the city in the future.

"The PDA will be a one stop agency," says Christopher Gibaud, director of the PDA. "It will analyse the services and resources that companies require, and put them in touch with all relevant organisations". It is building up a comprehensive data base on the local economy for the benefit of all clients, including information on the local workforce, labour rates, education and training, housing and other amenities and services.

Close liaison will be maintained with the local authorities, the CNT, estate agents and property owners, and information published and regularly updated on the availability of properties and sites. The agency will arrange introductions between agencies and owners prepared to sell or lease industrial and commercial land or property and companies looking for sites.

"Close contact will also be maintained with local industry and commerce through associate member policy forums, business seminars and newsletters," says Mr Gibaud. In this way, we aim to develop a mutual understanding of the local economy and an awareness of potential opportunities."

Alastair Guild

Perkins Engines is investing heavily to maintain its world lead

Mr Richard Allen, director and general manager of Perkins Engines: "Staff have welcomed the new production technology"

Sharp boost to productivity

MODERN Peterborough owes its origins to engineering. Though service industries have now replaced manufacturing in general as the largest employers in the expanded new town, engineering remains a key element in its employment base.

The site where Frank Perkins made his first diesel engines in 1932 may have been absorbed since into the giant Queensgate covered shopping centre, bnt Perkins Engine Group continues to be the largest single employer in Peterborough, and the world's leading independent diesel engine producer.

It employs 3,500 on the 147 acre site, its world headquarters, including 2,500 hourly paid workers, with 2m sq ft of covered production space. From Peterborough, the company dispatches 275,000 engines each year, either complete or in kit form for assembly by its 16 overseas licensees. Its engines are supplied for 200 different applications, in 160 countries, through 4,000 distribution outlets to 500 OEMs, including JCB, Caterpillar and Massey Ferguson.

It has invested heavily in capital equipment over recent years, including £100m over the past five years in automated cylinder head production, block production and testing, with an emphasis on automated assembly to build in quality and durability.

Perkins has also put £50m into extending its product range, with 10 additional product ranges launched over the last two years. It plans to continue to invest £25m each year, split between capital and product investment.

In addition, many of its staff have been through retraining as engines have increased in complexity. The company has sought to involve hourly paid staff at the very early stages, laying on trips for operators to visit vehicle producers planning to use engines being developed by Perkins.

Perkins this year won government awards for multi-skilling. Staff have welcomed the new production technology on site, says Richard Allen, director and general manager at Peterborough. They were consulted about the new factory layout and threw in suggestions for its development and installation.

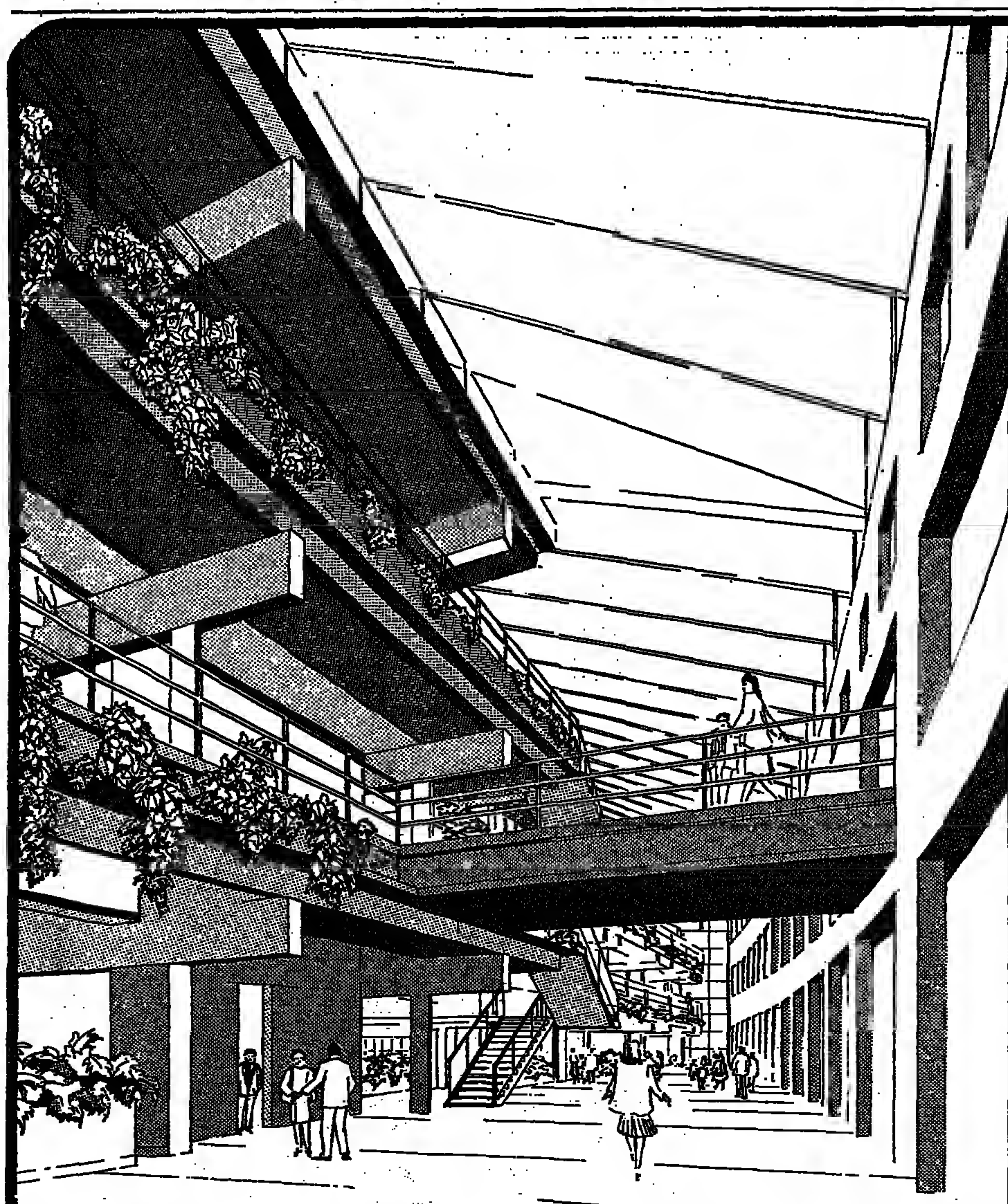
New work practices, such as multi-skilling, combined with capital investment, mean that the company is now producing 75 engines per employee each year whereas 20 years ago, the company was producing 25 engines per employee each year.

Particularly encouraging for Perkins future is the increasing popularity of diesel engines for cars, with production of one of its high speed ranges expected to increase from 20,000 a year to over 30,000 a year by next year. Other growth areas include the marine sector, while the company is working on a number of overseas collaborative ventures which would be expected to substantially increase sales, in Japan and the US, for example. In a tie up with Detroit Diesel Corporation it expects North American sales to double.

Perkins has cut its Peterborough workforce by 1,200 over the past three years, but there were no lay offs last year and the company is now starting to recruit additional staff to meet increasing home and worldwide demand.

There were some 900 applications for 120 direct hourly paid vacancies, just filled, principally assembly and machine operators. It has been stepping up its graduate recruitment, and currently takes some eight technician apprentices each year.

Alastair Guild



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Business services have grown in parallel

An array of support

PETERBOROUGH'S growth as a location for a wide range of business types and sizes has been paralleled by a broadening of services to help companies take seed and grow.

The latest evidence of the city's maturity as a business centre is the decision by the first of the big eight accountancy firms, Arthur Young, to establish an office in the city.

"We saw a lot of Peterborough businesses which were ripe for becoming big eight clients," says Mr Brian Waters, managing partner of the firm's Cambridge office, and the partner with overall responsibility for the new Peterborough office. "These were firms which had outgrown advice available locally, and needing to go through a process of structural change." Arthur Young Cambridge was already servicing a number of substantial Peterborough businesses from Cambridge, such as Perkins Engines, the publishing company EMAP and Peterborough Independent Hospital. In the nine months since AY established the Peterborough office, it has generated more than 20 new clients, expects to double in size within the next year or so and by the mid 1990s to quadruple in size. The most common advice sought by clients is on restructuring, raising finance for expansion, or management buyouts.

The Peterborough Enterprise Programme is another important source of business advice, though its services are targeted at smaller fry, generally people wanting to start their own business. The vast majority of its clients are in the services sector. The agency is sponsored by over 40 companies and the local authority, with a full time secondee from the National Westminster. It persuaded the city council to put up £30,000 three years ago as a guarantee fund, with the programme able to organise commercial loans upto £7,500. The scheme has been used only three times. "Once people know some help is available, that acts as an encouragement for them to help themselves," says John Duckworth, PEP's director.

PEP is also a partner with the Cambridge Enterprise Agency in the Cambridgeshire Financial Introductory Service, a marriage bureau designed to introduce investors to people seeking larger amounts of money. The first meeting was last September when four out of five people presenting ideas were successful and have since started their own business. They included two Peterborough entrepreneurs, one making computer modems, another producing boards for testing components and circuits and designing circuits.

Mr Patrick Sheen (top) of P'boro college and (above) Mr John Duckworth of PEP

A small business group is run jointly by the programme and Peterborough Regional College, just one indication of the college's close involvement with local business needs. Founded 106 years ago, it is a prime provider of industry's training needs. Now almost every course provided at the college is vocational. The 250 full-time academic staff teach up to HND standard and some students go onto higher degrees, with the college also discussing with polytechnics and universities how it might front end for their degree courses.

"When we moved to this site just after the war, the college was almost wholly engineering and building based," says Mr Patrick Sheen, the college's principal. "Since then, the growth has been predictable, with an expansion on the financial services, accountancy, banking and management side. We run one of the largest diploma in management studies courses in the country. An insurance course, now with 120 students, is another example of how the college is customer driven."

Though there has been fast growth in the college's training provision in the financial services sector, PRC remains an important centre for electronics, building and engineering. There are 200 students on its higher technician course in electronics, for example.

It is placing a senior lecturer with Peterborough-based engineering company APV Baker to be a focal point for training need analysis and to act as a link between the college and industry in the area of computer aided design and manufacture. "This will cost us money, but if there is a spin off in identifying industry's training needs as we expect then it will be money well spent," Mr Sheen says.

The college is also detaching a member of staff for two years to look at integration within engineering, electronic engineering and control engineering to match what the college offers with industrial practice. "We abolished departmental boundaries over four years ago, and started a debate about innovation, about how we could get ahead and stay ahead. We decided we would be more likely to be fast responsive if we worked in small groups".

The college now functions in 30 sections, each targetted on one market segment, with between six and eight academic staff per section. Their job is to know their customers and make sure the college is delivering what the customer wants. The maximum student size of a section is 16, though student size varies a lot.

Section heads are elected by staff. The college has introduced the concept of dual sourcing, to provide competition for sections. "There is a computing section and a financial services section, for example. But most of the financial services section are computer literate, so that if a company came to the computer section and it couldn't meet the company's demands and the company went to the financial services section for say spread sheet analysis, then the computer section could loose that business for good," Mr Sheen explains.

He sees a growing demand at the same time for in-plant courses. The college will provide purpose-designed courses or take standard courses in-plant. Companies are also calling on the college to provide foreign language training, with the college, for example, sending a linguist to an office to teach industrial or business Spanish to an engineer in a company thinking of exporting to Spain. The college has some 200 part-time specialist staff on its books, who can be called upon as and when the need arises.

"We charge what the market will stand. We are competing with other educational providers, on a fixed price tender basis. If we treat ourselves like a business, we are in a better position to appreciate our customers' needs," Mr Sheen says. The college's running costs stand at over £6m, about one quarter of that met from outside sources.

It has had sales teams out travelling the Far East for the last 12 months, has a full time marketing officer and two industrial liaison officers. It now has 200 overseas students.

PRC has been appointed also a training agent in North Cambridgeshire for the government's new training initiative, Employment Training, and it is also a major YTS managing agent. While the college provides a link between education and industry in the area, a group has been running to encourage a sharing of experience between companies in the region.

The East of England Technology User Group, based in Peterborough, was formed to increase awareness of information technology, providing a forum where participants can exchange information and experience. There are demonstrations of high-tech appliances in manufacturing and commerce and the opportunity to discuss problems with consultants and those servicing the industry.

The aim is to assist members to discover the latest cost-effective methods available to enhance productivity, and the best way to apply that technology to their own companies. The group meets usually at members' premises. There is a short meeting followed by demonstrations of low-cost CAD-CAM, CNC and linked systems, office automation and communications, and frequently involving tours of premises. Nearly 100 companies and organisations, from Hertfordshire to Lincolnshire, and from the east coast to Leicester are full members with many others participating.

Alastair Guild

PROFILE: UNITED OVERSEAS GROUP

Surplus profits

ONE OF the most unusual companies to be drawn to Peterborough is the United Overseas Group, which has as its chairman, the colourful Mr Jeffrey Curtiss.

The group is what is known in the US as a "close-out" company, but which in a UK context is probably hetter described as a surplus inventory company. Mr Curtiss, who started the group in 1976 with his second wife Madeleine, with £100 of capital, prefers to call the group a general trading company

Mr Curtiss, now 45, has been a trader all his life. Having left school before he was 15, he worked in the main London markets street markets like Smithfield and Petticoat Lane, buying and selling. He graduated to driving around the country with a lorry full of goods, and then doing the same thing in Europe.

After setbacks with his first business, the United Overseas Group really got going in 1979 when United Overseas Traders purchased a company called Novo Toys from the receivers of the large toy group, Dunbee Combex Marx.

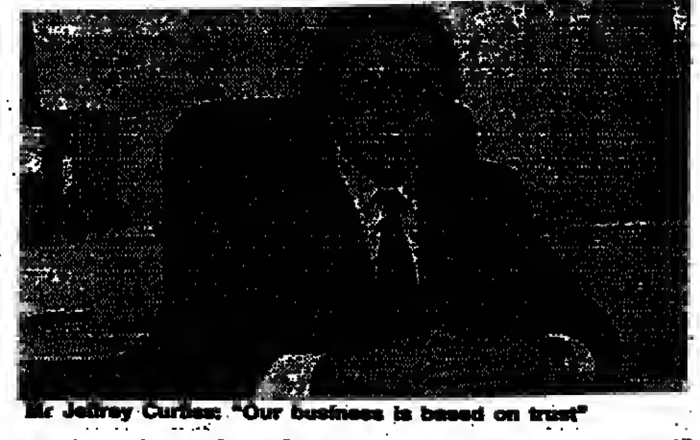
The purchase price was £450,000 and as well as all the stock the deal included a 10,500 sq ft warehouse and office property in the village of Maxey, near Peterborough.

Thus the Peterborough connection was established. Over the next few years United Overseas needed more and more space, warehouses were bought and sold. Last year, the group agreed a deal with Perkins engines under which a 160,000 sq ft factory and warehouse were purchased and some 70,000 sq ft leased back to Perkins. The remainder will form the new corporate headquarters of the growing group.

In essence, United Overseas buys surplus or discontinued lines from large retailers or manufacturers and then sells them to different markets. It also involves itself in counter trade and barter. If a range of toiletries has run its course, for example, or a line of toys is being re-labelled or re-packaged, then the United Overseas will buy out the unsold stock, and sell it at some stage in other markets.

The guarantee to sell elsewhere is the key, according to Mr Curtiss. "Our business is based on trust. A customer must know that if he sells us surplus stock we are not going to dump it on his existing markets. We must find other outlets for it".

Mr Curtiss denies that United Overseas is, in any sense, a factoring company. "We act as principals," he says. Questioned on whether his company is not often left with stock it can't move or whether they occassionally get a market badly wrong, Mr Curtiss replied: "No, everything goes eventually. I am not concerned about carrying stock, stock can appreciate in value.



Mr Jeffrey Curtiss: "Our business is based on trust"

The trick is knowing the markets very well and matching up customers and supplies. To give just two examples, Mr Curtiss recently bought a batch of calculators from Bulgaria. He paid for them partly in cash but largely by exporting much sought after toiletries. In another deal, Mr Curtiss bought a large number of post office uniforms which had been rejected for use on design grounds. They cost £15 each to make, and he paid £1 for them. He has not sold them yet but he is confident he will.

"These will probably go down well in an African couyntry. We'll get our representative in Kinshasa or in Kenya to look at the possibilities," Mr Curtiss said.

United Overseas deals with about 400 suppliers covering literally thousands of different items. Mr Curtiss says that even the best most brilliant marketing men cannot get everything item exactly right.

"Selling into a market worth, say, $100m, a company cannot be expected to guess the strength of the marketto within 99.9 per cent accuracy. What it does not sell, we buy."

Mr Curtiss says the company does have a negative cash flow, but that it is profitable. In the past year, turnover was around £14.5m and profits before tax were £850,000.

Mr Curtiss is hoping to bring the company to the Unlisted Securities Market soon. He thinks the potential is enormous. he is looking for turnover of up to £25m in the next few years. At the moment he thinks his company is the largest of its kind in Britain and probably in Europe.

He says that in the US there are a number of "close-out" companies with turnovers of more than $1bn each. He does not envisage his company getting that big in the foreseeable future but easily sees turnover reaching £200m. He does not think the company will branch out into direct retailing or manufacturing but see the group's current activities just growing and growing.

Asked whether city analysts, when looking at the company for listing purposes, would conclude there are limits to growth because of the management structure, Mr Curtiss denied he was a one-man band.

"Everything is now computerised," he said. He has also been building up a management team. "I try to get my partners involved in the group with share options and profit sharing and the like. There is too much temptation for people to learn the business here and then go and set up on their own".

The company now employs 42 people in total and "several" people who do exactly what he does. "I think city analysts will be wary, feeling that the business is high risk. But once they come here and se how solidly-based the company is, they will probably be keen."

Mr Curtiss lives in Windsor and so has one and a half hour commute each day each way. Why does he keep the business headquarters in in Peterborough? "Well, I received a very good deal when I first came — a rent free period from the receivers on the factory. The Corporation here has always been helpful. It is very convenient for the east coast ports like Felixstowe and Ipswich.

Stewart Dalby

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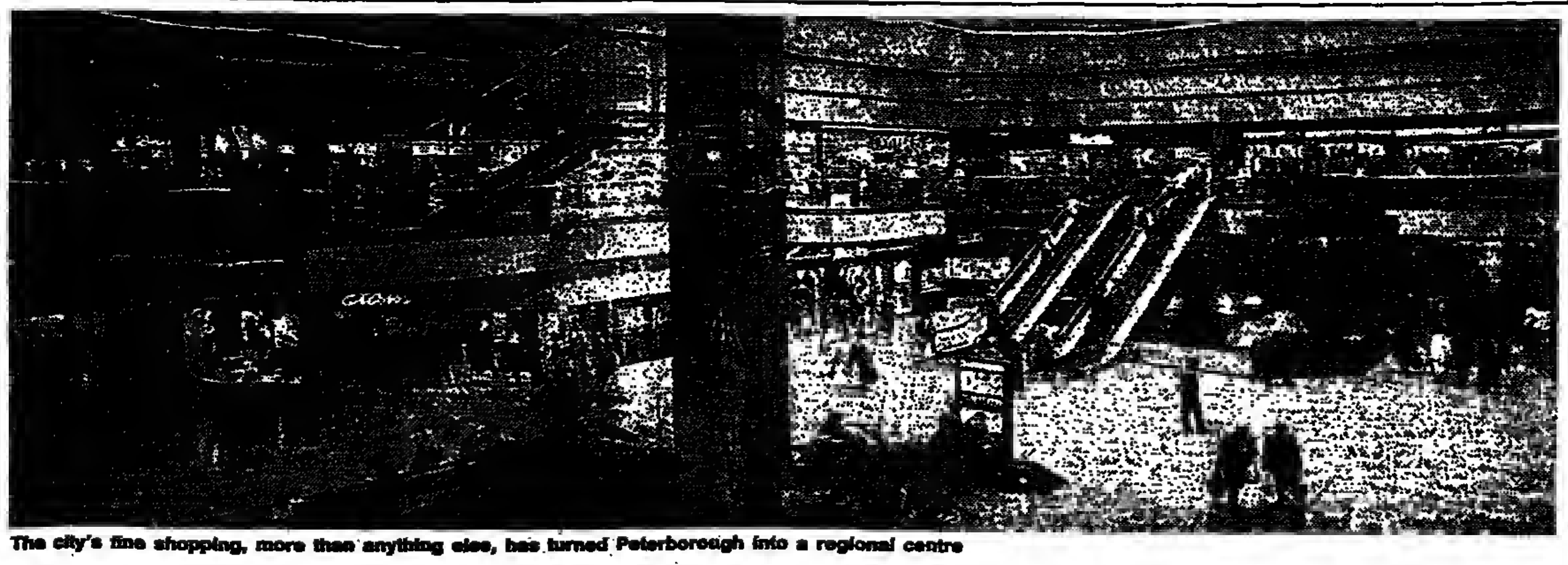

The city's fine shopping, more than anything else, has turned Peterborough into a regional centre

The city's quality of life has become one of its key attractions

A successful blend of old and new

PETERBOROUGH is now a regional centre for an area which until recently had none. As an attractive but small cathedral city it could hardly have supported the cultural, sporting and shopping facilities which now thrive, or merited the range of housing types available. Talk to any recently arrived businessman, however, and he will say it was the quality of life which, perhaps above anything else, brought him and his workforce to the town.

"Peterborough used not to be big enough to attract a department store, or to support canned entertainment or a decent night club and was very short of parkland, surprisingly for a town surrounded by country," says Mick Field, of the Development Corporation. "So Peterborough was smart in doing a kind of deal. It said we will be good neighbours to London, and, in return, get the facilities we need."

An ice rink, Britain's first indoor cricket stadium and a rowing and canoeing course are just some of what Mr Field calls the nice surprises of the deal.

But Peterborough, and the surrounding countryside, is a blend of old and new, a blend no more apparent than in the largely pedestrianised city centre. Much of the historic architecture of the streets leading off the cathedral precincts has been preserved, and the latest monument to Peterborough's success, the award winning Queensgate covered shopping centre, cleverly concealed behind the attractive street facade. It is shopping, perhaps more than anything else, which has turned Peterborough into a regional centre for people from a radius of more than 50 miles.

The West Rivergate, the latest addition to city centre shopping, has, like Queensgate, been designed to make the most of Peterborough's heritage. The £25m project, the second biggest scheme in the entire city expansion programme, will transform the southern gateway to the city centre.

Like Queensgate, it is predominantly a shopping scheme based on the complete restoration of old buildings combined with a large element of new shops. But the 11 acre site, next to the River Nene, will provide an opportunity to upgrade the riverside frontage, and include licensed premises, housing and car parking.

The dsvelopment corporation promoted the development, which will be carried out by private developers Speyhawk in conjunction with the Dee Corporation, parent company of the Carrefour/Gateway chain. It will have a superstore in West Rivergate. Approval has also been given to a private individual to develop a riverside inn alongside the main scheme.

The roads around the centre are the hub of a sophisticated road network connecting areas of housing and business to each other and to the national road network. Those company executives and workers canvassed said that traffic jams are virtually unknown, even at peak times. Roads, footpaths, and extensive cycleways have been generously landscaped with trees and shrubs. Over 2m of them have been planted by the development corporation, more than 100 for every family, helping to screen residential and commercial areas from traffic.

Plants have been taking root in the new townships also where most of the city's new homes have been built. These are distinctive neighbourhoods with local shops, schools and playing fields nearby. Residents are encouraged to make use of school facilities as a community resource. Soms localities also have dental surgeries and general practices.

The latest major housing proposal, recently granted permission by the Environment Secretary, is for a £31m, 5,000 home township on reclaimed brickpits. Private housing represents 60 per cent of Peterborough's housing stock. Prices range from £40,000 upwards, with the £250,000 barrier recently broken for a development of five-bed dwellings, with two bathrooms, extensively fitted kitchen and space for two cars. The development corporation has sought the best design and layout through competition among developers, particularly at the top end of the house range.

House prices in Peterborough have not yet reached the level of the South-East as a whole, and East Anglia which has had the highest house price increase of the whols country over recent months. That should remain true for some time, with new schemes coming on stream at a rate of 1,000 homes a year, though Peterborough and surrounding villages are becoming increasingly popular with commuters to London. The most imminent shortage is likely to be felt hy first time huyers.

Leisure interests have been well catered for. Peterborough now has two 18 hole public golf courses, lakes with trout fishing, a 2,000 acre park with larger lakes for water sports, bird sanctuaries, nature trails and other countryside amenities. The development corporation developed and ran a country park, used by many school's study trips, introducing children to the richness of the countryside. This is now being managed by a trust.

For the culturally-minded, Peterborough has its own orchestra, supported by the Arts Council. Members work with amateur operatic societies, teach in schools and coach the city's musically-gifted children. The corporation has been sponsoring the Roth Quartet, which was the British entry in the European Broadcasting Union's triennial competition for string quartets.

An arts centre, which hosts concerts, theatre and exhibitions, and other events, is developing projects which take artists and performers out into the local and city wide community. Peterborough is also to get one of the country's most modern libraries, built by the county council at a cost of £8m.

But Peterborough has not ignored the weak in body. Its two general hospitals have a total of 800 beds. The district hospital is a teaching hospital with an intensive care unit, accommodation for baby care and pre-convalescence and geriatric patients, a large maternity unit and extensive outpatient services. There is also a 44-bed hospital, established by a consortium of local consultants to provide treatment for private patients.

Alastair Guild

PROFILE: ISOWORTH

Sophisticated sips

ISOWORTH, SAYS its managing director, Derek Harris, is an example of "the Cambridge phenomenon" accelerated hy "the Peterborough effect". The company's dispenser of carbonated soft drinks, developed in Cambridge, is going into full scale prodnction on Peterborough's business park. The company's origins lie with Ian Aldred, now s non executive director, who worked for Sodastream, another Peteroorogh-based company making home drinks dispensers. He believed the home drinks-making market would move to a more sophisticated level than that addressed by Sodastream. He left Sodastream in 1982, started Isoworth in 1983 and recruited John Scott from Cambridge Consultants to head a small product development facility near the city. A prototype was up and running by the end of 1985. "Cambridge was a very expensive place to be, and Peterborough was the nearest area with readily svailable factory space at sensible costs," says Derek Harris, who was himself at Sodastream for eight years, before working in the venture capital industry as a chairman and director on the board of a number of start ups. "The whole environment in Peterborough is more suited to support manufacturing."

Mr Derek Harris, Isoworth MD

When Isoworth moved to the new town, it took a 2,500 sq ft unit rented from the development corporation on a 10 year flexible lease. "So as we grew, and anticipated further growth, we were able to move into a 10,000 sq ft unit and hand back the smaller unit to the corporation; and the corporation reserved a further 10,000 sq ft of space next door for us rent free for one year. In addition, the first three months in both units were rent free."

The company retains a small research base a few miles from Cambridge. Much of ths research and development work is done in house but it has had a lot of assistance, particularly on the electronics side from facilities available in Cambridge, tapping into Cambridge Consultants, other research laboratories and the university as need arises.

Most of its present Peterborough based staff of 34 have been recruited locally. It has a technical team of eight working on improvements to the design and ways of adapting the technology to other market areas within soft drinks dispensing. It employs 12 on the production line. "One of the biggest advantages of Peterborough is people's attitude to work, much more positive than I've found anywhere else in the country. Peterborough's pleasant environment has, I believe, a major bearing on people's attitudes," Mr Harris says. Good rail communications were also an important factor, particularly for the company's sales staff. The dispenser is currently available in Boots and Rumbelows stores in an area from north London across to Birmingham, with distribution soon to extend south of the Thames into Sussex and Surrey. It is also stocked by Harrods and will soon be in major House of Fraser outlets. "Most of the major store gronps' buyers are based in London, so the fast train service is used regularly by sales staff." The company is now producing 300 machines a week, has a production target of 6,000 machines hy the end of the year. It expects a rapid build np in production in the pre-Christmas phase, and plans to have nationwide distribution in place by Christmas 1989.

Isoworth sees the scope for the machine in the UK to be enormous. Soft drinks are the fourth biggest grocery sales item, with a current annual value of £3bn, and growing by between 6 and 7 per cent each year. Some 70 per cent of soft drinks are consumed in ready to drink form at or from home. The company is also exploring overseas potential for the machine. It recently completed extensive market research in West Germany, for example, the third largest soft drinks market in the world after the US and Mexico, and found the results very encouraging.

The cost of drinks from the dispenser are roughly on par with what the consumer pays for each drink from a two or three litre bulk plastic bottle from the supermarket, while the quality of drink from the dispenser is equal to thet from a can. But, says Derek Harris, the dispenser reduces the amount of packaging, and is more convenient for the consumer. The German research showed thst households saw the machine as a serious kitchen appliance, and likely to replace all of their soft drinks purchases.

"We are aiming to have a dispenser in one in three homes in the UK within 10 years. I don't think that is impossible by any means. New Zealand, Israel, Iceland and Denmark have already reached that level of use".

Isoworth raised £5m from institutional investors in a share issue last July. It has so fsr invested £100,000 in its Peterborough plant, and £500,000 in tools for making plastic moulds and plastic mouldings sourced elsewhere.

"By the end of next year, we will need to move to somewhere bigger," says Derek Harris. Within two years, the company could be employing several hundred people. There are a few pieces of land of sufficient size in Peterborough for such expansion. We will make a decision by Easter next year as to where to move to. "If the business grows to anything like the size we expect, then almost inevitably we will need to manufacture elsewhere, but we want to keep our principal manufacturing facility in Peterborough. We do foresee the day when there may be shortages of labour, but the advantages of Peterborongh are enormous."

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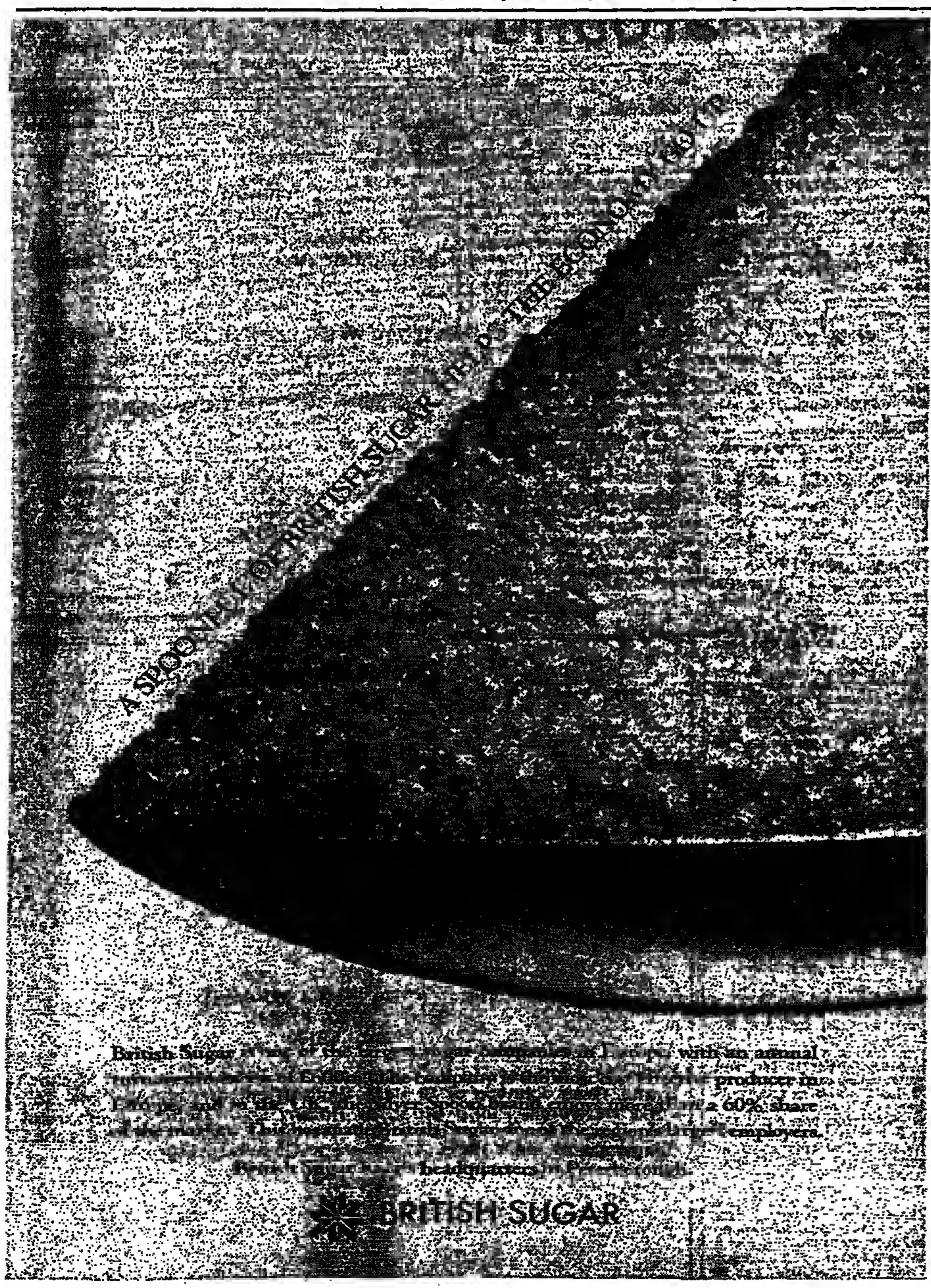

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The Royal National Institute for the Blind

User-friendly home for £30m enterprise

A RATHER nnnsual production and distribution operation is moving to Peterborough. And the buildings themselves are user-friendly in an unusual way, designed to meet the needs of the visually handicapped.

The Royal National Institute for the Blind, with a turnover of £30m, has already transferred its production and distribution centre from central London to the eight acre site. The next phases of the £6m development, due for completion next April, will house all RNIB's braille transcription and printing, Moon production, cassette library and equipment and games distribution. At present, these services are scattered around sites in London and elsewhere.

Special thought has been given to paint work, floor coverings and lighting to make it easier for blind workers to navigate around the building. Of the RNIB's 40 employees already in Peterborough, eight are visually handicapped. "We would like to see at least one third of the eventual total of 180 jobs at Peterborough filled by the visually impaired," says Maurice Wright, head of RNIB's technical consumer services division.

With a turnover of £9m, technical consumer services, one of three operational divisions, supplies a wide range of goods and services to help blind people with practical tasks and leisure pursuits. They include items in braille, Moon and audio tapes as diverse as Radio Times, textbooks, letters and bank statements. Its customers for that last service include Barclays, Lloyds, Midland, Bank of Scotland and Access. This year it supplied 15,000 large print and 20,000 braille statements.

The 1988 equipment and games catalogue features over 500 items, ranging from needle threaders, through easy-to-see and braille wrist watches to a range of games and talking bathroom scales.

"Our sales organisation is very much mail order, so we were running out of storage space in Great Portland Street," says Mr Wright. "The fact that we had a warehouse in W1 was obviously stupid, and the layout of the building was clearly not condusive to moving goods out quickly.

The RNIB asked a firm of management consultants to advise on alternative locations. Clark Whitehill drew up a shortlist of Milton Keynes, Northampton, Cardiff, Telford, Swindon and Peterborough.

"Peterborough offered a suitable area of land at reasonable prices with good communications, says Michael Caudrey, associate director with Clark Whitehill. The Development Corporation's attitude towards our enquiries was extremely helpful, streets ahead of any of the other development corporations we approached.

Blind customers are already experiencing major improvement

The PDC offered rented accommodation for any staff moving to Peterborough and said it would carry out any necessary modifications to accommodation for blind people free of charge.

"The move out of London will save substantially on accommodation costs, and will also result in staff savings though the proportion of visually-impaired to sighted employees will increase," says Mr Caudrey.

Blind customers are already experiencing a major improvement in the level and quality of service offered, with the turnaround on orders for items from RNIB's equipment and games catalogue reduced from three or four weeks to a matter of days. The institute has also taken the opportunity to invest in the latest, computerised braille and Moon production facilities, at a cost of £1m. Last year, 1,000 new braille books were published, 25m pages of braille magazines printed, 39,000 Moon books, pamphlets and periodicals issued and 81 new braille music publications made available.

However, the RNIB tends to deal in small runs of books, between five and 20 copies of each title. "The preparatory costs using conventional printing techniques are usually very high for the numbers of any title we are able to sell," says Mr Wright.

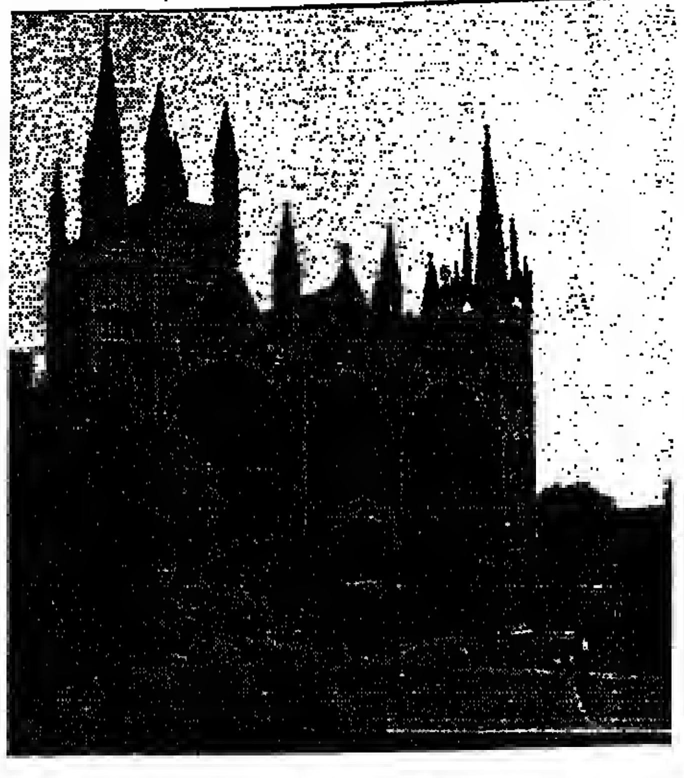
"But we are moving more and more towards using digital copies of books from publishers, and feeding them through our conversion systems. We will be able to rattle off a copy of a book on demand, in any form, which means, in addition, that we don't have to hold massive stocks.

Peterborough will also house the RNIB's development laboratories, where equipment is adapted for the visually impaired or new types of aids are worked up to a prototype and tested. Engineers often liaise with commercial producers on development. "Companies in and around Peterborough have said that they would be more than happy to help with our development work if they have the appropriate skills," says Mr Wright.

However, the talking book service will remain in Wembley, from where over 50,000 cassettes are mailed out every week. Over 67,000 people read these books which are recorded by professional readers in the RNIB's own studios at its London headquarters.

Its headquarters will also remain in London. "We need to keep in touch with developments which could affect blind people," says Mr Wright. The RNIB is at present in discussion with the Bank of England about the new bank notes soon to be issued, for example, and is also concerned with how electronic funds transfer will affect the visually-impaired shopper. It also lobbies government on changes in legislation.

Alastair Guild



PETERBOROUGH Cathedral, which with Durham and Norwich, and Tewksbury Abbey, is widely acknowledged as one of the outstanding examples of Norman architecture in the country, is seeking to raise £1.8m on its 750th anniversary.

Each year, the cathedral attracts 200,000 visitors. "We are not facing an immediate crisis on the scale of Ely, but we are trying to prevent such a crisis occurring," says the Very Reverend Randolph Wise, the Dean of Peterborough. All cathedrals, as they are affected by wind and acid rain, now have to go in for continuing maintenance.

The site has been a place of Christian worship for over 1300 years. A monastic church, founded by Peada, King of Mercia in 655 AD was destroyed by the Danes in 870. A second church, the Minster of a Benedictine Abbey, was built by King Edgar and consecrated in 972, but that too was destroyed in an accidental fire in 1116. The present building was begun in 1118 and consecrated in 1237 or 1238. In 1539, Henry VIII suppressed the larger monasteries, including Peterborough, but chose to preserve the building, raising it to the status of the Cathedral Church of the new Diocese of Peterborough.

Mary Queen of Scots was also buried in Peterborough in 1587 after her execution at Fotheringhay, though after 25 years her body was removed to Westminster Abbey on the instructions of her son, James VI and I.

The appeal has so far raised £620,000, with the appeal effort being directed increasingly at Peterborough's business community.

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PROFILE:PETER BROTHERHOOD

A tough turn-around

PETER BROTHERHOOD is one of those engineering concerns which has long been associated with Peterborough and in the 1960s was one of four main employers in the city.

In the 1970s, in common with many others, it experienced tough times. Yet in retrospect, those years can be seen as ones of drift, and overmanning. Competitiveness was eroded and, with the shake-ont in manufacturing industry during the early 1980s, Peter Brotherhood started falling into the red and experience cash flow problems.

According to Mr Philip Salisbury, the company's managing director: "By 1981 the markets had just disappeared. There were all sorts of specific problems. Marine engines, for example,were badly hit by the rise in oil prices. But,in general, we found the markets were no longer there."

The company found it was unable to compete on price with new Japanese and Korean manufacturers. But also, Mr Salisbury said, the company, like others, had taken things for granted and had simply not gone out into the world and sold its products.

The company was saved, so to speak, when it was taken over in 1983 by Thermo Electron Corporation of Boston Massachusetts. "This gave us financial creditability and the time to bring about the necessary restructuring," Mr Salisbury said.

Today, with the company slimmed down, sales break down roughly into one third steam turbines for marine and industrial applications , one third gas compressors for petrochemical and process industries and one third special purpose machinery built to customers and joint design.

Between 65 and 70 per cent of all the prodncts manufactured are exported.

The company was turned around in two ways: The complete vertical integration of of the company was stopped. Second the workforce was shrunk and productivity steeply increased. "It is very difficult, I think, for engineering companies to be fully integrated," Mr Salisbury said.

Peter Brotherhood closed down its foundry and its fabrication shops, and generally redneed capacity. The company now buys in 98 per cent of its components. Competition is very fierce among suppliers. THe company drives very hard deals on price, quality and delivery dates.

THe other efficiency drive concerned the workforce. This is now down to 400 compared with 1,700 when Mr Salisbury joined the company in 1981.

Output per man, which is the yardstick the company uses to judge productivity has increased from £15,000 in 1980 to £45,000 today.

The going is still tough. Mr Salisbury believes the company cannot compete on price. "I don't believe in price inflation in this business. Inflation is something yon build into civil service pensions funds," he said. The only ways the company can compete in world markets is by reducing costs and maintaining quality .

"I can give you examples of Japanese and Taiwanese companies in our field who are not selling their products at cost in some markets". Peter Brotherhood is competitive, but Mr Salisbury says he would welcome more stable exchange rates. In the row between Mrs Thatcher, the Prime Minister and Mr Nigel Lawson, Mr Salisbury said he sided with Mr Lawson. "Things were very tough in the early 1980s, with the pound at $2.40. For long *term planning, it is essential to* have a stable exchange rate to base your forecasts on".

Quality is also important. The company was very pleased earlier this year when it was given the Nato Aqap-1 award. Peter Brotherhood reckons this the UK Ministry of Defence's most comprehensive quality assurance award.

When he accepted the award, Mr Salisbury said: "Aqap-1 is important not just in dealing with government contracts but in many overseas deals where customers want an assurance of the company's commitment to quality. The Aqap-1 certificate will help us in business all around the world".

The company is now trading profitably. Mr Salisbury says an important factor in this has been the commitment of the workforce. "We have not had one serious dispute in recent years."

Stewart Dalby

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Two years of dramatic growth

Next month, it will be two years since the merger which led to the creation of Norwich and Peterborough Building Society. Chief Executive, Martin Armstrong, reviews a dynamic period of development, which has included the opening of the new Administrative Centre, at the Peterborough Business Park, by Her Majesty The Queen:

"

Assets exceed £700 million

Assets have increased by over 50% in the past two years, and have recently broken the £700 million barrier.

Banking with interest

The range of services on CASH COUNTER GOLD, the Society's high interest current account, have recently been increased to include a £100 cheque guarantee card and £500 automatic overdraft facility.

Stockbroker acquisition

On 17th October 1988, Norwich and Peterborough will complete the acquisition of leading East Anglian stockbrokers, Waters Lunniss.

Waters Lunniss will continue to provide private clients with a personal service of portfolio planning and investment advice.

In response to customer demand, Norwich and Peterborough has set up an instant share dealing service at each of the Society's 64 branches. This will enable customers to take advantage of the expertise of Waters Lunniss.

Very competitive fees are being offered to holders of CASH COUNTER GOLD accounts. The commission charge, for an execution only service, is 1%, with a minimum of £20 and a maximum of £80 per transaction (plus VAT).

Financial services subsidiary

Norwich and Peterborough Insurance Services Limited was established in February 1988. The company offers independent advice to *individuals* and *professionals* on insurances, pensions and mortgages. It is a member of FIMBRA.

Estate agency network

The first branch of Norwich and Peterborough Estate Agency Limited was opened in October 1987. The network now covers five offices and further expansion of the business is planned. A very high standard of service is being given to sellers and buyers.

High quality management team

We have a highly professional management team, who will continue to seek business opportunities which will further strengthen the Norwich and Peterborough group.

"

Norwich and Peterborough

Chief Office: St. Andrew's House, St. Andrew's Street, Norwich NR2 4TR. Telephone: Norwich (0603) 660081.
Administrative Centre: Peterborough Business Park, Lynch Wood, Peterborough PE2 0FZ. Telephone: Peterborough (0733) 371371.
Norwich and Peterborough Estate Agency Limited, 34 Long Causeway, Peterborough PE1 1YJ. Telephone: Peterborough (0733) 555522
Norwich and Peterborough Insurance Services Limited, 35 Prince of Wales Road, Norwich NR1 1BG. Telephone: Norwich (0603) 761308.
Waters Lunniss and Company Limited, 5 Queen Street, Norwich NR2 4SG. Telephone: Norwich (0603) 622265
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